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TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1995

Y 4. AP 6/1: T 71/995/PT. 5

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

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PART 5

GENERAL SERVICES ADMINISTRATION

JUL 19 1994
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U.S. GOVERNMENT PRINTING OFFICE

78-703 WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-044265-6

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TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR 1995

TUESDAY, FEBRUARY 22, 1994.

GENERAL SERVICES ADMINISTRATION

WITNESSES

ROGER W. JOHNSON, ADMINISTRATOR
JULIA M. STASCH, DEPUTY ADMINISTRATOR
DENNIS J. FISCHER, CHIEF FINANCIAL OFFICER
WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET
KENNETH R. KIMBROUGH, COMMISSIONER, PBS
JOHN V. NEALE, ACTING DEPUTY COMMISSIONER, FPRS
ROGER D. DANIERO, COMMISSIONER, FSS
JOE M. THOMPSON, COMMISSIONER, IRMS
WILLIAM P. CUNNANE, ACTING ASSOCIATE ADMINISTRATOR FOR FTS2000
CYNTHIA A. METZLER, ASSOCIATE ADMINISTRATOR FOR ADMINISTRATION
HON. JACK BROOKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS
FAITH A. WOHL, DIRECTOR, OFFICE OF WORKPLACE INITIATIVES

INTRODUCTION

Mr. VISCLOSKY [presiding]. If I could bring the hearing to order. The Chairman has been delayed for a few minutes and will be here shortly. I would recognize his prerogative to read his opening statement upon his arrival, but to get the process going, Mr. Johnson, you may begin.

[Chairman Hoyer's prepared statement follows:]

ADMINISTRATOR OF THE GENERAL SERVICES ADMINISTRATION

OPENING STATEMENT OF CHAIRMAN HOYER

This morning we welcome Mr. Roger Johnson, the Administrator of the General Services Administration. This is Mr. Johnson's first appearance before the Committee and we are pleased that he is the lead off witness for a week-long look at GSA.

GSA, as Mr. Johnson points out in his testimony, influences a tremendous amount of business which is carried out by the Federal Government. GSA is the government's construction and architectural firm, its purchasing agent, its information technology manager, as well as its travel agent. GSA and its operations affect almost every aspect of the management of the Federal government.

This is a major reason why I am pleased with the efforts that Mr. Johnson has implemented to measure the effectiveness of GSA operations. Mr. Johnson has taken steps to consolidate duplicative organizations and establish performance standards for the Agency. These are the kinds of things that this Committee and this Chairman have been pushing agencies to accomplish and I am pleased to see such efforts undertaken by the new Administration.

MR. ADMINISTRATOR, WELCOME TO THE COMMITTEE. WE ASK THAT YOU AND MR. KIMBROUGH, THE COMMISSIONER OF THE PUBLIC BUILDINGS SERVICE SUMMARIZE YOUR STATEMENTS SO THAT WE CAN PROCEED TO ASKING YOU SOME QUESTIONS. YOUR FULL STATEMENTS AND BIOGRAPHIES WILL APPEAR IN THE RECORD.

Mr. JOHNSON. In the interest of time, I would like to enter my written testimony for the record and make some summary remarks.

I would like to introduce the people at the table with me: Deputy Administrator Julia Stasch and Commissioner of PBS Ken Kimbrough, both joining me in this administration from the private sector. Both are quite expert, with backgrounds in buildings and real estate, which I think will be one of the major factors we talk about this morning. I would defer a bit of that discussion to these two.

I would like to open with summary thoughts which will give you some concept of how we are proceeding. Some of them will address specific concerns, questions that I have heard exist; others will try to expand on basic approaches.

BUSINESS PRACTICES

The first comment, I guess, is that this Administrator, regardless of his background and concerns, recognizes that Government is not business; no more than business is government. However, there are principles of professional management that I think do apply to the process just as they apply to education organizations, religious organizations, et cetera.

So when I speak and talk about things that we are trying to accomplish in business terms, I am not trying to convert the Government to a profit-seeking operation.

I think the GSA may be a little more like a business, however, because of the things it does. It does things which probably more parallel certain activities in business operations than do some of the other agencies, so it makes it particularly, I think, suitable to apply business principles to it.

COMPETITIVENESS OF GSA

The overriding concept of all of our activities in the first few months that we have been here is to have the agency be competitive. We are trying to provide value to the taxpayer and our customers, while fulfilling the tasks that have been assigned by the Congress.

Now, this has to do with being competitive in all aspects: cost, quality, and all kinds of performance, compared to what other alternatives are available to our customers.

The second principle is that, in the final analysis, the customers, or our agencies, really are the final judges of whether we are competitive or not. Almost everything that the GSA does can be done by someone else. It could be done by agencies themselves or by the private sector. The Congress could certainly assign these tasks to some other agencies it thought might carry them out better.

After several months, however, I am convinced that the people in GSA can be the suppliers of choice. So we don't come at this with the assumption that it is all messed up and can't work. These are good people. They understand what to do, and our job would be to get things out of their way so they can do what they know how to do best.

This budget that we have submitted is the first evidence of the directions we have taken but most of the improvements that we

hope to make are still in the planning process. Their financial effects probably won't be seen until 1996 or beyond. What I would like to do this morning is focus on a couple of the basic approaches we are taking and some of the underlying concepts to move into competition.

Why should we be competitive? Well, at the risk of being obvious, the times have really changed. Agencies, because of budget pressures all throughout Government, are looking very closely at all the things they spend money for. Buying things, renting buildings, building buildings: things we do but which, in most cases, are certainly not the main mission of those agencies. So they are zeroing in on them.

They are saying, why do I want to pay this kind of rent? Why do I have to pay for computers? If I could pay less, I could put more into the missions I am trying to achieve.

BASICS OF PROFESSIONAL MANAGEMENT

So within the Government itself there are tremendous pressures, and I think rightly so, for us to be much more competitive. How do you do that? How do you approach it? Well, here is where I think the basics of professional management come in. There is no magic to it. You get at it by working on the principles of planning, organizing, and measuring.

We start with planning and, if you are going to find out whether you are competitive or not, you need to go back and make sure you understand what you are doing, why you are doing it.

So we have been spending a lot of time going through the things we do: not the basics obviously, but how do we accomplish them, what are our goals and objectives? What is the plan for the agency? This has been going on throughout the agency, up and down, sideways, and across the country.

I think we have made some pretty good progress in understanding what we need to do to accomplish the mission, and in some cases things we don't need to do or that we think we can do better.

ORGANIZING WORK

The second principle has to do with organizing or packaging of work. Organizing really has nothing to do with people; that is a staffing problem. So we have been working hard, looking at how do we package work which is very critical to effectiveness. For example, when I became Administrator, the organization chart showed about 25 components directly reporting to me.

On the other hand, as we looked out on the organization, there appeared to be pieces of the organization that should report directly to me. We don't get at fixing that by just dealing with numbers because individual consideration must be given to delegation and a whole variety of things that have to do with the control and the flow of the work. So we have been working hard with our organizations at doing that, and making sure there are no gaps or overlaps in reporting relationships.

WORK MEASUREMENT

This organizational work leads into the third principle, which is measurement. We have begun to look at packaging work in ways that can be measured and compared. For example, there are an awful lot of things we do that the private sector can do. So we are looking at organizing the Public Building Service, for example, in ways that can be compared externally.

In addition, many things we do are brokerage-type activities. You could package this work and have one organization do those functions. Another example is property management. Many people do property management. We package development under portfolio managers.

So when you do your organizing work, you look at a lot of different dimensions. In procurement, for example, we are looking at packaging to see that we can look at our procurement work in terms of overhead cost which many corporations call material overheads.

If we can sort that out and make comparisons, we have a way to judge how we do it versus what other people do.

PROGRESS

We spent most of the first months reviewing and analyzing the organization top down, bottom up. We were looking first to sign a partnership agreement with the unions. They have been involved with us at various levels. Julia and I spent the first month or two visiting all 10 or 11 of our operating regions.

There has been an awful lot of work going on in the regions. Last week we had a two-day meeting of 200 of top GSA managers, along with 20 or 30 union representatives, to bring together the work that has been done so far. Now, this is still work in process, but we are comfortable enough that we sent out invitations last week to meet with you and other oversight committees to give you a status report on where we are.

I would like to take a minute here, Chairman Visclosky, if I could, to step back and clarify a couple of things.

First, the process that we have been using is very open in the agency. So an awful lot of "what-if" questions, an awful lot of debates' and an awful lot of comments have been generated. I can't help that. I was told early-on in this process that many people in the agency, and maybe elsewhere, didn't really believe in what we were doing. They had never been asked for their opinions before, of if they were asked, it really turned out that there was already an answer somewhere and nobody took them seriously.

So the process got off to a fairly slow start. I think we are making good progress now because, as time goes on, people are finding that we don't really have all the answers, and that we are interested in what they have to say. We would like them to tell us, and they are beginning to tell us what they really think.

At the meeting last week, I had one manager say, "You know, it is like my mind has been let out of jail" he said. "You really do want to know what we think." I think there is still a lot of that in the agency, but we are working hard to make sure that that is minimized.

The status reports are just that. We haven't concluded. There is a lot of detail yet to go. These are very major things we are looking at. We get different ideas from different people. It is apparent to me that things we do in Boston, we might not necessarily want to do in Chicago.

This is a nationwide organization and things are different in different parts of the country. Because of our process, there are lots of things floating around that people think we are going to do, and they hear this rumor or that rumor. I am here to tell you that most of those rumors probably are not correct, and we are now waiting for status reports. We will keep you well informed as we go ahead.

EMPLOYMENT STATUS

Something that I think is also of concern and want to clarify is our employment situation. We are very fortunate that we will be able to meet, if there were such an imposition, our fair share of the 252,000 people reduction without any RIFs. When I first came here, I put a freeze on new hires. I also put what I call a "prove-it-to-me" freeze on replacing any attrition. That means that, no matter where anyone leaves, they are not replaced until they can prove to me or to the manager that there wasn't some other way to get that work done, that it couldn't be divided or given to someone else. Often, you get to a point that work really can be done by someone else.

Because of that, we are running an attrition rate of about 5 percent. If we just kept the attrition going over five years, we would be way beyond our 12 percent. So we don't have to take extraordinary reduction measures.

On the other hand, I am very actively hoping that we can get buyouts, because attrition of course comes in a helter-skelter fashion. You can't plan where reductions will occur. Most of the time they come where you don't want them. The buyouts will let us target changes, particularly in the management areas, and do some real basic changing that I think we need. So from an employment standpoint, I think we are fine.

There are some rumors flying around that we are looking at a 25 percent reduction. Well, those come from inside the organization. In the process of talking with management and the people out in the GSA, and asking what does it take to get competitive, some of them came back and said that we need to do certain things to get competitive and, if we did them, we would probably have up to a 25 percent reduction in people.

So this is not something we have been forced to crack down on. This is coming from people trying to answer the question what is it going to take to get competitive. I think our folks are beginning to realize very clearly that if we don't get competitive, the question then becomes academic. It is quite likely there will be no one there to do the job. So that is where we are now.

APPROACHES TO MEASUREMENT

Moving to measurements, which is also a critical part of what we are doing, there is a difference of course between delegating and advocating. The difference is measuring. You really can't delegate

something unless you can measure it. If you delegate it and can't measure it, then you abdicate it, and we will talk about that.

We have got an awful lot of pressure on end-result versus process measurement. What did the computer cost? What is the best in the marketplace? What is the competitive rental rate versus what we are charging? Did the product perform the way it was supposed to? Did it accomplish its mission? Are the IRS checks getting out faster than they used to? Are there fewer errors in that? Are there fewer people having to process them and therefore more people to answer taxpayers' questions? Those are end-result measures.

Process measures are, did you get enough quotes? Did you talk to suppliers after the bid was out, and how do we prevent a protest.

I am afraid that process measurements sometimes drive out results measures, and they will do that if you don't make an active effort.

Mr. JOHNSON. Good morning, Mr. Chairman.

Mr. HOYER. I am sorry I am late. I had another meeting I had to go to.

Mr. JOHNSON. This issue of end-result versus process measures I think runs pretty deep. I have heard complaints about Congress and others micromanaging; incidentally, people tell me that this committee doesn't do that. I think that there is a lot of chicken and egg here. If an organization, such as ours and other agencies, isn't willing or capable of making commitments, and isn't willing to make any end-result measures against those commitments, then any management group, whether it is the board of directors of a corporation or an oversight committee, is forced to move deeper and deeper into the process.

So the question gets to be, how do you get the process changed? What we are proposing, sort of unilaterally, is that we are going to be coming to you and other committees with a lot more specific commitments and a willingness to be measured, and see if we can't earn your respect and confidence. Then, maybe, we have a right to ask for a little more freedom in the process.

There are tools that we need. We have already talked about buyouts. Financial analysis is another tool, and one I think we can do a lot with ourselves. If I might, Mr. Chairman, could I use a little example here?

Mr. HOYER. Sure, absolutely.

BUDGET PERSPECTIVES

Mr. JOHNSON. One of the problems I had when I came to GSA was that I couldn't understand our budgets, and so I asked for it to be redone. When I first came, in fact, I was told that the budget was $210 million—you can't see the chart, so let me move it over here.

Mr. HOYER. I was going to say, next time you ask it to be redone, have them redo it bigger for us old people.

Mr. JOHNSON. You have a copy.

Mr. HOYER. That is better.

Mr. JOHNSON. It says "Profit and Loss Summary" on the top.

Mr. HOYER. Yes, I have got it.

[The profit and loss summary follows:]

General Services Administration

PROFIT AND LOSS SUMMARY

$(THOUSANDS)

FY 1995 BUDGET

	FY 1994 Estimate	FY 1995 Estimate
Revenue	**10,018,569**	**9,708,604**
General Supply Fund (GSF)	2,776,085	2,806,556
Telecommunications/ADP (IT Fund)	1,146,232	1,341,159
Federal Buildings Fund	4,869,780	4,606,098
Balances Brought Forward (PBS)	588,096	402,803
External Customer Reimbursements	638,376	551,988
Cost of Goods and Services Sold	**5,365,470**	**5,879,920**
General Supply Fund	2,107,246	2,138,179
Telecommunications/ADP Costs	930,253	1,122,243
Federal Buildings Fund	2,327,971	2,419,498
GROSS MARGIN	**4,653,099**	**4,028,684**
Operating Expenses		
Total Personnel Salaries/Benefits	999,666	999,837
Less Internal Reimb. Salaries	(119,691)	(116,441)
Depreciation	205,639	215,448
Other PBS	1,614,207	1,679,864
Other, GSF/IT Fund	296,125	298,907
Other, External Reimbursable Program	606,576	522,565
Other Policy/Regulatory (Appropriations)	75,542	66,763
Subtotal Operating Expenses	**3,678,064**	**3,666,943**
NET PROFIT/(LOSS)	**975,035**	**361,741**
Less Reserve to RCP (Supply/Vehicles)	123,131	108,000
Reserve Contribution (IT Fund)	15,058	13,448
From Reserve for Use (IT Fund)	(29,261)	(23,854)
FBF Reserve for Future Use	402,803	453,488
PROFIT/(LOSS)	**463,304**	**(189,341)**
Facility Ownership Requirements	(946,312)	(1,478,690)
Deficit/(Shortfall)	**(483,008)**	**(1,668,031)**
Budget Authority/Operating Appropriations	174,044	169,824
Budget Authority/Permanent Appropriations	20,478	19,517
Budget Authority/Capital Appropriations	288,486	1,478,690

NOTE: Amounts exclude data for the Consumer Information Center

Mr. JOHNSON. I will just point to some things here.

Mr. HOYER. We are all looking for the profit part of this.

Mr. JOHNSON. It is in there. It took me awhile to find it. When I was told last year that our budget was $210 million, I said that can't be. We have 20,000 people, computers, buildings. That can't be.

So I put it in my own format that you see before you. We project, in this budget, about $9.7 billion worth of revenue. Now, we sell about $2.8 billion worth of supplies, $1.3 billion worth of telecommunications services, and agencies pay $4.6 billion rent for buildings, all right?

Well, the next question is what does that cost. Well, the cost of sales, the cost of the supplies we buy and resell, is $2.1 billion, the cost of telecommunications is $1.1 billion, and the cost of the buildings is $2.4 billion.

Now, my analysis makes me go to the margin, and this margin, the ratio of profit to sales is about 41 percent. So that is not a bad margin. So I said, where does it go? What happened to the $4 billion; in this case, was it profit? Well, $3.6 billion of it went to our agency, right? This is all the expenses necessary to run the agency.

That leaves the $361 million. We have some accounting tools and reserves, which I discovered the government or private industry produces, which leaves us with a net loss of $189 million, which is the answer you get when you say what is the appropriation request. Well, not quite, because we do some other things, but that is the appropriation request.

What a different story when you say the budget is $189 million versus $10 billion for things you sell. Important here to note, though, is that this is one of the things that leads us to say we probably need to relook at how we are procuring things.

In the business I ran and others around the country, the material overhead rate, the cost of running a return organization, runs between 5 and 10 percent depending on the kind of business. This looks grossly out of whack.

COST COMPARISONS

Some of these costs, however, are costs we have to do because we are Government. That is where the Government business is different, right? Whether or not it is 13 points different, I don't know. I don't believe so. But now it gives us a chance to quantitatively start working inside and say, what is this? What are the common things we do that every business does, and what are the things we do because we are government, and is that reasonable? The same type of analysis applies to communications and of course the buildings issue.

FINANCIAL RESPONSIBILITIES

When we take a different look at it, and this chart is a little bigger, you say, well, what is it then that we are responsible for? What we are responsible for, of course, if you look at the first line, is the $5.7 billion cost when we actually go out and negotiate contracts and lease buildings. We have expenses in the agency of $3.6 billion. You have approved in prior years about $6.5 billion that we

are managing to build new buildings around the country. So it is $15 billion of things that we directly control the costs of.

In addition, we have a variety of activities that we manage. We collect money and if we do that well, we collect more. If we don't, we collect less. Same thing here, the mechanics of revenues and expenses.

I want to draw your attention to the bottom, though, because in addition to all of these things, we also delegate a lot of procuring. You see here, we delegate procuring for $23 billion worth of information technology. This may be a good example of the difference between delegating and abdicating, and this isn't criticism, it is just the way the system is worked.

When I first came, I said, well, this wasn't reflected anywhere in our budget. All that is in there is the expense of doing that, but we are responsible for all of it. The Brooks Act says this agency has that responsibility to make sure that money is spent well.

Well, we don't really have very many measures of what is happening here. We really don't know whether that is being spent well, and since it is buried and charged out in a budget, it doesn't get focused on. So again as we are looking at redoing and changing how we manage the agency, we are going to put an emphasis on understanding what it is we get for that.

DELEGATING

Are the agencies getting what they pay for? Is the end result there? We are going to look at maybe different ways of delegating. For example, commercial software and commercial products, things available in the market, are very effective ways to get the job done. Custom hardware, custom software is generally a very expensive way to get things done. We are probably looking at different levels of delegation.

If an agency is going to pursue a project with a commercially available commodity type product, maybe the delegation is higher. If they are going to want custom, then maybe the delegation is lower, requiring proof as to why it is custom, why shouldn't it be commercial, and start putting some end-result driving measures.

So those are just some of the financial examples we talked about measuring and controlling as we worked on organization structure, how we budget, and how we are going to be looking at leveraging what we do.

SAVINGS POTENTIAL

Mr. Chairman, we could eliminate every salary in the agency, either by laying people off or not paying them any more, and save the taxpayers $1 billion. However, all we have to do is make a 10 percent improvement in what we are doing, over $60 billion, and we save $6 billion.

So our focus in summary is on that $60 billion, whether or not it shows up directly in GSA's budget.

The budget process therefore is a whole lot more than a set of numbers. In fact, the numbers are merely the arithmetic results of assumptions and thousands of trade-off decisions that affect tens of thousands of people and billions of dollars.

This morning I have outlined some of the concepts and approaches that we are taking, some of which are beginning to show in the 1995 budget, but most of them will show in the out-years. We are pretty sure that, as we get at some of these decisions and plans and assumptions with good sound approaches and measurable end results, we are going to be able to keep coming to you with budgets that not only have reasonable numbers in them, but are going to result in better service delivery, higher quality and lower costs in total.

Thank you.

Mr. HOYER. Thank you.

[Mr. Johnson's prepared statement follows:]

STATEMENT OF ROGER W. JOHNSON
ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE,
AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

February 22, 1994

Mr. Chairman and Members of the Subcommittee:

I am Roger Johnson, Administrator of General Services. It is my pleasure to appear before you today to testify on behalf of the new General Services Administration (GSA) and its programs.

Before turning to the fiscal year 1995 budget request, I would like to describe some of the new strategies and directions for the Agency, many of which have their origin in National Performance Review recommendations. I hope that this will not only put the fiscal year 1995 budget in perspective, but also highlight changes that may have little or no budget year impact, but which will hopefully show larger improvements in fiscal year 1996 and beyond.

Fundamental to everything we are planning and recommending are several broad principles.

1) **"Better, Cheaper, Faster, Easier, Smarter, or Not At All"**

The continuation of any function performed by GSA will be dependent on the degree to which it is competitive with reasonable alternative sources. We intend to do our jobs "Better, Cheaper, Faster, Easier, Smarter, or Not At All." The primary driving force of any change at GSA is its competitiveness in terms of cost, quality, and timeliness compared to other sources. In the final analysis, it is our customers who should make that judgment.

2) **We Will Clearly Assign Responsibility and Measure the End Results**

We will measure the end results, not just the process. The financial effect of our being competitive or not is greater than implied by operating budget calculations. Our operating appropriations are about $189 million, but the Federal activities and transactions over which my Agency has a major influence or financial responsibility will total over $61 billion in fiscal year 1995; they are listed in an attachment to this statement. To further illustrate the point, GSA could entirely eliminate all of its employees, and save approximately $1 billion in salaries. But, if we improved the financial activities listed on the chart by only 10 percent, we could save over $6.1 billion. It is this latter focus that will drive our priorities as we reinvent the agency.

Last October, GSA became the first Federal agency to carry out President Clinton's executive order calling for establishment of labor-management partnerships in the executive branch. The national presidents of the American Federation of Government Employees (AFGE) and the National Federation of Federal Employees (NFFE) and I signed the GSA Partnership Resolution, establishing a new relationship between labor and management as partners in reforming GSA into an agency that works better and costs less.

Recommendations and initiatives stemming from the NPR will be valuable tools in meeting our goals, and we will play a major role in structuring a Government that works better and costs less. I would like to briefly summarize our plans and progress in several key areas of NPR emphasis: real property, personal property, information technology policy, and procurement. I will also address other financial process recommendations in the context of our specific budget proposals.

Some initiatives will evolve over time, but others are on a fast track, particularly those involving fundamental restructuring of the Federal real property program. We are well along in our Time-Out and Review of approximately 200 prospectus-level building projects. This is an important element in our attempts to institute a long-range strategic planning process for meeting Federal housing needs. Our regional offices have been carefully reviewing these projects to confirm requirements, to determine if the right and most cost effective real estate solution had been selected, and to identify potential savings from careful review of project specifications and aggressive value engineering. The Administrative Office of the U.S. Courts also worked closely with us toward paring construction costs for Federal Courthouses.

On November 22 and December 15, 1993, we released the first results of these reviews, recommending project cancellations or alternatives yielding significant savings. A rescission of $127.6 million based on these initial results is included with the President's fiscal year 1995 budget. Not all the recommendations were warmly received in Congress, and some have been since revised. Our recommendations on the remaining projects were transmitted last week, so the Time Out and Review process has been completed well within the timeframes originally promised.

There are a number of other initiatives underway to enhance Federal real property management. We are creating a separate organization, independent of operations, for setting real estate policy; providing agencies a clearinghouse for real property expertise; working with other agencies on policy issues; and ensuring a state-of-the-art automated information system for client use. We are developing real property enterprises that concentrate on all aspects of portfolio management, property management, commercial brokerage, and the construction and modernization of Federal buildings. Criteria based on sound asset management principles will be developed for expanding delegations of leasing authority to agencies.

In the personal property arena, we are eliminating mandatory sources of supply, and have a number of other projects underway. We are drafting changes to procurement regulations to allow agencies to dispose of their own personal property, and have automated the personal property screening process. We have developed a three-tier plan for streamlining Federal travel regulations. Our Commercial Products Acquisition Laboratory is identifying and testing innovative ways to increase the visibility and accessibility of goods under multiple award schedules. Our commodity centers are now making greater use of commercial descriptions for item purchases; those who heard Vice President Gore explain Government specifications for an ash tray will understand the need for this.

We will also continue our "reinvention labs" for the consolidation of other Federal agencies' motor vehicles into the GSA fleet. Consistent with NPR goals, this should yield both operational improvements and cost savings. Concurrent with this effort is a planned expansion of the use of more environmentally-friendly and energy-efficient alternative fuel vehicles.

GSA will increase delegations of authority for major information technology procurements based on agencies' performance records and budgets, and plans to raise the maximum order limits from $300,000 to $500,000 for computer products on the Multiple Award Schedule. Tests are underway to develop, pilot, and implement an on-line schedule system bulletin board for electronic ordering from the schedules. Efforts are underway, and industry plans solicited, for a Government-wide electronic mail system. Our Information Resources Management Service is participating in a task force on expanding Federal electronic commerce, and co-chairs its team dedicated to designing and implementing an electronic commerce acquisition system. We are focusing on promoting use of off-the-shelf software, electronic ordering, and reduction of procurement hurdles.

In other initiatives to assist agencies in accomplishing their missions, an interagency task force will be meeting to change the complex Federal Acquisition Regulations to guiding principles. We are also proposing to reduce generally the administrative burdens for small purchases under $10,000, and to amend purchase guidelines to promote the use of purchase cards for these small purchases. The "greening" of Federal procurement will be fostered by including contract clauses promoting the use of environmentally preferable products.

With this overview of where we are and where we plan to go, I would like to turn now to a summary of GSA's fiscal year 1995 budget request. Without losing sight of the overall $61 billion in Agency financial responsibility, the proposed program will involve approximately $12.4 billion in transactions under GSA accounts, using obligations shown on budget schedules as the indicator. While this includes several hundred million dollars that GSA accounts pay to each other, it places our total program into clearer perspective. Well over half is dedicated to the real property program, including capital acquisitions. Most of the balance is associated with providing goods and services ordered and financed by our customers. At 1.5 percent, operating appropriations that support policy, management, and oversight functions account for only a small, but vitally important, part of the total program.

Specifically, we are asking the Committee to enact for fiscal year 1995 $169.8 million in operating appropriations, $1.5 billion in capital appropriations, and $4.5 billion in new obligational authority (NOA) under the Federal Buildings Fund. Other financing will become available from customers or from permanent authorities.

The $169.8 million requested for operating appropriations is $4.2 million below amounts enacted for fiscal year 1994, and assumes decreased employment and reductions in most administrative costs. The budget proposes consolidating previous appropriations for the Federal Supply Service, Information Resources Management Service, Federal Property Resources Service, and General Management and Administration (GMA) into a single Operating Expenses, GSA account. Consistent with NPR themes, consolidation will allow us additional flexibility in managing these personnel-intensive accounts in times of increasing constraints.

A major asset management initiative in the fiscal year 1995 budget is our proposal to finance the construction and acquisition of facilities through direct appropriation, rather than from the resources of the Federal Buildings Fund (FBF). While this is hardly "capital budgeting," it is a small step in the right direction, and should help us be a more efficient provider of choice to our customers.

The requested capital appropriation of almost $1.5 billion has two major elements. The first is $479 million for the direct Federal construction of various projects. The second proposes $999 million for converting facilities with leases expiring over the next few years to Federal ownership. Every expiring lease has its own unique circumstances, and we will let market conditions and financial circumstances at the time of procurement determine the specific method by which the housing requirement is met. This will ensure that acquiring the facilities, or similar replacement ones, is the most cost effective solution for the Government. Conversion to ownership will only be considered where long-term housing needs (30 years or longer) exist, and we currently estimate that this $999 million investment in market-based housing solutions would result in almost $2.5 billion in savings.

Other asset management initiatives are reflected in the $4.5 billion request for the Federal Buildings Fund. GSA has modified the existing rent system to establish rates that adjust more readily to changes in market conditions for commercial real estate. By this change to a more competitive rate structure, we have been able to reduce rent charges to our customers by an estimated $207 million. Our estimated fiscal year 1995 revenues reflect this decrease. In the future, we will further adjust rent rates for changes in market conditions for commercial real estate in major cities. This will allow us to maintain very competitive rates that will underscore GSA as a provider of choice and encourage clients to remain in GSA controlled space.

The budget also proposes certain Federal Buildings Fund account structure changes that will increase our flexibility in providing space and services to clients. By consolidating all operating-type functions in a single budget activity, we can reduce the number of separately-enacted limitations, or budget activities, from six to four. This will streamline the budgeting, allocation, and reporting of costs for similar services, without affecting the Committee's oversight of real property operations.

In terms of employment, the fiscal year 1995 budget assumes 19,667 full-time equivalent (FTE) positions. This is 437 FTE below current fiscal year 1994 approved FTE levels, and 972 FTE, over 4.7 percent, below the employment level originally approved for fiscal year 1993 (enacted, plus adjustments for transfers). These decreases are a dividend from our resizing and reinvention efforts, and a down payment towards the Administration's objective of reducing overall Federal employment over time.

GSA fully expects to be able to accomplish these personnel reductions entirely through attrition, and is well on its way toward that objective. There are no plans to undertake reductions-in-force or other involuntary separations to achieve them. I am concerned, however, that there is basically no room to accommodate unplanned requirements within budgeted funding, particularly under our relatively small appropriations. Funding reductions or absorbing pay raises beyond those assumed in the President's budget will decrease supportable employment, possibly below levels that could be reached by attrition alone.

Mr. Chairman, this completes my overview of GSA's proposed fiscal year 1995 program. I and my associates would be pleased to answer any questions from you and the Committee members.

RE-INVENTING GOVERNMENT

Mr. HOYER. I apologize again for being late. I want to say that quite obviously the analysis you have just gone through is enlightening.

I am a proponent of paying our people appropriately, keeping their morale and their incentives high. Although I am supportive of the downsizing recommended by the Vice President, I have great concerns that 252,000 was a number not reached based upon the mission and the necessary number of personnel to accomplish that mission. Without speculating further how the number 252,000 was chosen, I am supporting that reduction. However, we need to make sure that we do not ask you to do things that you can't possibly accomplish with a reduced personnel level.

In addition, I am enthusiastic about your objective and the agency's objective to accomplish savings through higher productivity and efficiencies and organization of resources.

One of the things we are going to look at, as we indicated this in our letter to you, is having the Federal Supply Service on a cash basis. In effect a self-funding, not an appropriated funding entity. We think it is appropriate from a business standpoint to operate and compete such agencies as we go through this reinventing government to see whether or not we can do it. The theory of course of bulk purchases effecting savings is not a good one if in fact it slows down the process substantially and leads to inventories far beyond that which are necessary and appropriate.

We have tried to give additional flexibility to the agencies within this Committee, as you know, to effect savings and to apply 50 percent of those savings to objectives perceived by the agency administrator, in this case yourself, to be priorities. In our opinion the taxpayer and the agencies win.

If you give incentives to effect savings, as opposed to what we do now which is to spend money in August and September to get it out the door so that you don't have carryovers which then reduce your budget, we increase your ability to accomplish the objectives.

I appreciate the efforts you are making with the Time and Review Survey. Obviously in some respects this is controversial, particularly when you gore the ox of people who have worked hard on these particular projects. We all know that these projects are very, very important. I am not a fan of this perception that building a Federal Office is pork and that it is bad. Obviously like everything, some projects are bad, but some are not only very good, but absolutely essential. Some projects in fact, are investments that if we don't make, we will not succeed as a society.

Having said that, let me move on to a few questions on your request. Then I'll yield to Mr. Visclosky or Mr. Wolf.

LEASE CONVERSION

What is the legal basis for seeking a separate appropriation for lease conversion rather than using receipts in the Federal Buildings Fund?

Mr. JOHNSON. Could you please repeat the question?

Mr. HOYER. Yes. The Public Building Amendments Act established the Federal Building Fund as the mechanism for funding

construction and acquisition of Federal buildings. As you pointed out, there were receipts of $4.6 billion in the Fund. Why are you seeking appropriations for acquisition of buildings, rather than using the $4.6 billion in receipts in the Fund?

Mr. JOHNSON. Well, before I answer, let me explain what we are trying to accomplish. I don't think we are trying to change that. What we are saying is that the Federal Buildings Fund is still going to exist. The receipts will go to the building fund and, as now, if there isn't enough money in the fund to fund building operations, then we might come and ask for more money.

What we are pointing out, however, is that to be competitive, which is the given premise of everything we are doing here, we are going to need to make those rental rates competitive. That will throw less revenues into the buildings fund, and as we point out with this 1995 budget, rent income is $210 million less than if we charged the old rates.

RENTAL PAYMENTS BY FEDERAL AGENCIES

Mr. HOYER. So that some agencies will be saving on their rental fees?

Mr. JOHNSON. Well, they will be paying less than they would have. Their view is they will just be brought back to where they ought to have been in the first place.

Mr. HOYER. We had a substantial controversy two years ago on the Floor when Mr. Hutto introduced an amendment related to certain Department of Defense facilities who believed that they were paying far in excess of what they would pay if they simply went out and leased space in the private sector.

Mr. Early, you remember that discussion we had on that amendment?

Mr. EARLY. That is correct, Mr. Chairman.

Mr. HOYER. Mr. Hutto eventually withdrew that amendment. I told him that we would look into that matter. We discussed it last year. Is this Defense issue reflected as part of that overview?

Mr. EARLY. Somewhat, in that we looked at the marketplace to find whether our rent rates were reflective of the market. We found that, in many cases, the market had changed in the last few years, and our rent rates were higher than they should be. The budget reflects those adjustments.

Mr. HOYER. Now, I'm sure you have found, Mr. Administrator, that the agencies are not very appreciative of having to pay anything. One of the things we have been experiencing is a determination made to simply not pay GSA for services. Of course this lead GSA to say, fine, we won't perform services, such as janitorial and other maintenance services.

GSA VERSUS PRIVATE SECTOR LEASE COSTS

Do you believe, in talking at the Cabinet level, that we have a general agreement that what is now reflected in your lease levels are, in fact, reflective of the private sector? Will we stop hearing agencies say that if they went out to the private sector they would effect a savings?

Mr. JOHNSON. I think it is too early to tell.

Mr. HOYER. Too early?

Mr. JOHNSON. Yes. We still have agencies using the National Performance Review, for example, as a vehicle to justify going out and doing things themselves.

Well, they don't read after the semicolon that says after we put in place a lot of the things we want to, maybe you will, but it is our opinion that this agency has to be the most effective manager of real estate.

One thing that I know as a private business person is that I never let this get decentralized. Most things you can farm out, but you have all kinds of troubles if you do that for real estate. On the other hand, if I have a central real estate operation that is effective, I don't have to get rid of it.

We are working very hard but I don't think they are convinced yet. This round of reductions is the first step. Agriculture has gone for its own appropriations to operate their own headquarters building. We found out too late in the budget process to stop it.

We have had other agencies come to us to do that, too. We said, no, let us fix the shop here and we will show you that we are more efficient. We know what your mission is. The others have said, okay, we will give you a chance at it. So I think we are sort of in the middle here.

BUDGET SCORING RULES/CAPITAL BUDGETING

Mr. HOYER. In that context, and this is the last question I will ask. One of the things this Committee has been confronted with over the years, we have discussed it and Mr. Traficant's Committee is also looking at this matter, is the way we fund our public buildings. In particular, not so much how we fund them, but how we score them in relation to the impact on the budget.

That is why this whole employee buyout question is so controversial and why there is so much discussion about it. There is not a person in the Congress that doesn't believe that such buyouts will not produce a long-term savings by reducing payroll cost and therefore a net plus on the account balance sheet. However, under budget scoring rules, it costs us in the short term. Therefore we are hoisted on the petard of a point of order in the Senate because this employee buyout program could cause us to exceed to outlay budget caps. We waived that point of order in the House, 391 to 17 because in fact it was generally perceived that this was an opportunity for savings. We are making money with these buyouts.

But back to budget scoring rules for Federal buildings what efforts are you pursuing and what is your perception of your discussions with OMB on changing the scoring rules and the concept of a capital budget?

I happen to be one that is for the balanced budget amendment. I am going to vote for the balanced budget amendment. I am going to argue for the balanced budget amendment. I come from a State where capital budgeting is not affected by the balanced budget requirement.

You come from the private sector so you are familiar with capital budgeting. Ms. Stasch, who is also from the private sector and someone with whom I am very impressed. I congratulate you for bringing her in. She is doing a terrific job and I am very impressed with her. So both of you have been in the private sector and you

know about borrowing and financing projects over time. This is a problem that we have to deal with in terms of the budget scoring issue, so we do things rationally based upon the best buy for the taxpayer as opposed to the best ability of this Committee, other committees, or the House to pass legislation which will meet the CBO rules that we have constructed.

Mr. JOHNSON. Mr. Chairman, I completely agree with you. This is probably one of the issues that I have spent the most personal time on in the nine months or so that I have been here.

Let me back off from where we are at the moment, and cover the past. I have, on the basis of many studies and many meetings with people, now a very specific recommendation for OMB targeted at public buildings that I believe and others believe would allow us to make common sense capital decisions on public buildings without disturbing any other parts of the budget.

Since the beginning, the first week I was here in meetings with the Vice President, this became an issue. I couldn't understand why it was that we didn't have a capital budget, let alone the scoring issue on public buildings. I guess I have learned over the period that there are reasons, although they tend to be internal governmental reasons, why people think we need that.

I am not sure I agree with those either, but I am certainly not anywhere near an expert in the total budgeting process in the Federal Government, which I understand has a unique set of arithmetic as well as a unique set of logic.

Mr. HOYER. Most of which, by the way, I want to say, makes sense discreetly. It is like the Tax Code. Very few of the provisions of the Tax Code are as whacky as people think they are. They had a very logical reason when they were constructed.

What happened, however, which is a little bit of what has happened with the scoring and financing acting together, they created disincentives in some respects to do good things and incentives to do bad things.

CONVERTING LEASED SPACE TO OWNERSHIP

Mr. JOHNSON. That is exactly where I ended up in this recommendation. I went to some other folks who I am told are respected budget people in the Government, and came to the conclusion that, although these rules were good, proper, and appropriate, there were several sections that literally distorted the process.

Now, my background says you don't have to have evil along with a bunch of good. So I am targeting the buildings fund. I have got a recommendation that I think makes complete sense to let us score buildings on a capital basis and not disturb the caps, and bring the taxpayers a great deal of savings.

It was on that basis that we presented to the administration, and to you, this conversion program. The Federal Government is renting buildings that we think should have been purchased and, in fact, when they come off the contract, probably should be purchased.

So we did some analyses. I think in the beginning of this there were 48 buildings that we identified were coming off their contractual rentals over the next five years. We did a worst case analysis and said, what if we had to build new buildings and move every-

body into them. The net was that original acquisition and operating over the period I think was about $10 billion over 30 years.

The alternative of renewing those rents, using reasonable assumptions, was about $18 billion. A no brainer, right? So we asked for funds to allow us to begin that process, and the budget includes $999 million.

Even with that process, we are going to have to deal with these scoring issues, Mr. Chairman, if we are to achieve the savings. So it is an in-process situation.

Mr. HOYER. We are going to pursue this separately. I would like to have you and your people come back, maybe in a more informal hearing, for this discussion so that the Members can understand and get to the bottom of this issue.

Mr. JOHNSON. Recognize, Mr. Chairman, that this is my view. I am not speaking necessarily for the administration. I don't know quite where they stand at the moment, but they know my view.

Mr. HOYER. I think this is an issue respectfully that the administration must also address. Leon Panetta is a very close friend of mine and we have talked about this over the years. I think this is an issue we all need to work with together to determine the best way to handle it. Because, again, it is not that any one of these one rules is a bad rule in and of itself, the total cause inefficiencies.

The former administration, knowing that the scoring rules would have a negative effect, dampened down public construction which is the most efficient and cost effective way to provide Federal office space.

I apologize for taking so much time. I'll now yield to Mr. Wolf, who was the Ranking Member of this Committee for many years, now the Ranking Member of the Transportation Committee and my good friend.

INDEPENDENT AGENCY BUILDING OPERATIONS

Mr. WOLF. Thank you, Steny.

Mr. Administrator, welcome. To follow up on a couple—I have a lot of questions and I will use as much time as I can and then submit a lot.

But to follow up on the building issue that Mr. Hoyer was talking about, I share a lot of what he is saying, and I would urge you to get the White House to put the bite on the different Cabinet officers, because if USDA is running around and doing this, quite frankly, I have found in the last administration GSA was really not a player in a lot of the building operations.

The CIA came up here and tried to move a building from an area into another area. GSA was not a player in that at all. The FBI moving a building, moving people, GSA was not a player in it whatsoever. DOD is basically doing the same thing with regard to some of the leases, and I think you probably don't have the ability to deal with these people unless you have the strong support of the White House, because each agency comes up here and they talk to their own Appropriations Committee or their own friends on the Hill, and frankly, I think it borders on being something that is almost a disgrace that it is so loosely handled.

And so I would encourage you to take strong action. You are probably not going to be here longer than a term, or whatever the

case may be, and so if you have to offend some people, whether they be Republican Members, Democratic Members or Cabinet officials, if you can leave a legacy of doing that, you will really have accomplished a lot.

I mean, there are things going on in this building fund that I think a lot of people would be shocked if they really knew. I would also ask you to take a look at it. I have thought of maybe putting legislation in to set up a small national commission to look at this whole building fund issue, or maybe there is too much micromanaging. I mean, maybe—and you saw the story the other day about the North Carolina facility, the two centers down there they didn't want and now they are going to go build it.

Somehow you got to get a handle on this, because I think this is where a lot of savings are. I think you made a very good point earlier that if you begin to RIF employees and do all these things, you really don't save a lot of money. It is in the buildings and the procurement and some of the other things.

So I think this is right to deal with. I will support you or help you, but I want to encourage you, and knowing that you are going to ruffle some feathers up here on Capitol Hill, and you are going to ruffle some feathers in the administration, do it, because each administrator has come, they have talked about it, and yet really nothing has happened.

In some respects we are falling farther and farther behind, and there is too much micromanaging by the Congress on these issues, and I think you should be very open and tell people that, and I think the press will listen to you and I think a lot of Members of Congress will.

PURCHASE OF RESOLUTION TRUST CORPORATION BUILDINGS

The other question is, why can't you be looking to buy more buildings in the private sector, empty buildings, empty buildings throughout this country that the RTC owns? We have asked this question every year and we get, well, you don't understand, the regulations won't allow us to do that.

Why can't you have a special relationship with RTC to aggressively be in there on some of these buildings that are very, very low cost? Granted they haven't been built exactly to the standards of the agency and they may not completely be in the neighborhood that the agency would like it to go on, and that—the National Science Foundation, you might go back and look at that case last year, was a classic case. The National Science Foundation didn't want to be in Arlington because they wanted to be very close to the White House. Well, that tied up and cost more money for the taxpayer.

Finally we got them to go over there, but why can't you develop a relationship with RTC to get some of these buildings whereby you don't have to go out and build buildings and in the process would save a lot of money because Davis–Bacon wouldn't be applicable, and many things like that.

LONG-RANGE PLANNING

Mr. JOHNSON. Could I respond?

Mr. WOLF. Yes, please.

Mr. JOHNSON. I am confident we have the support of the White House in the things that we are doing. The Vice President, the President, and I have talked about the basic approach we are taking in real estate, particularly on the issues of portfolio management that Ms. Stasch and Mr. Kimbrough will speak about in a little bit.

This takes some getting used to, though, and it takes some willingness on the part of a lot of different people, as you said, to take a look at the planning process. It starts with longer range planning, which we are doing. That begs the question, though; if you are going to have a long-range plan, then why don't you have a long-range budget which gets you back into the capital budgeting process. I feel I have complete support to do that.

In terms of using outside people or commissioners, Ms. Stasch has already put together two such groups, both having to do with courts, that she will talk about.

SPACE REQUIREMENTS FOR THE U.S. COURTS

Mr. WOLF. Courts? Too many buildings being built with judges that don't want to sit in them?

Mr. JOHNSON. No, going to some of the broader issues. That is a very specific issue and I think we are dealing with it effectively now.

Mr. WOLF. Let me interrupt. That is another problem. The judges come up here and lobby. They want to have a certain height, they want to have a certain location, they want to do this and they say if you put it somewhere else, which would save the taxpayer a lot of money, they won't sit there. That is again getting control of that process.

Mr. JOHNSON. I think that is the net end-result of a long period of not being in control. I think we are handling that situation with some of our people, but the issue gets to be, how do you get your hands on this whole process and get to a point where there is a financial plan? People want to do things, and want to do them in an effective way.

We have brought in outside private people, along with the courts, architects, and contractors, and there is a whole variety of really good work going on now. I have to tell you, the courts are being much more responsive and cooperative. I think there was an adversarial relationship in the past. I think we are overcoming that.

PURCHASE OF RESOLUTION TRUST CORPORATION BUILDINGS

To the point of the RTC and those issues, when I first came up for confirmation, Senator Glenn, who was the Chairman of the Building Oversight Committee, said to me, if we could only get in one place information on all of the Federal buildings we had in the country, it would be a successful administration.

It didn't seem like a very exciting challenge, but it turns out it is going to take us a couple years to do it. We have used some commercial software, and right now have a program in place that we could demonstrate to you that lets us see for the first time where all the Federal buildings are in the country, and gives us a lot of information about them.

So the first answer is, do we know what we have got? The second question was, same as yours, why isn't the RTC being used? I don't know why. They are now. We have a good relationship with them. We do know what they are doing.

Mr. WOLF. How many RTC buildings has GSA taken over?

Mr. JOHNSON. I don't think any. The problem is, by the time we got the relationship, the buildings are all gone.

Mr. WOLF. There is still money in there for—but they are not really gone. I mean, those assets are all available.

Mr. JOHNSON. We are getting good information now up front, which we weren't before, on what they have.

Mr. WOLF. I understand. This is not meant to be any criticism of you. Basically you, although you have been here for awhile, you are just really on. The previous administration we asked them this opportunity and nothing was done.

The real test will be, I don't think it is believable to say that with all the buildings that are available throughout this country, that the Federal Government and GSA working with RTC can't find several that could be transferred over at a very low cost to save the taxpayer money and put Federal employees in those buildings and buy them at a very low rate.

Mr. JOHNSON. Let me give you some specifics. When we first arrived, we asked for what has been called a time-out and review of even programs that had been previously approved by Congress.

The process of that review included three——

Mr. HOYER. Was that controversial?

Mr. JOHNSON. Beg your pardon?

Mr. HOYER. Was that controversial?

Mr. JOHNSON. No, the time-out and review is not controversial. The results got controversial.

Mr. HOYER. Excuse me.

Mr. JOHNSON. One would follow the other and I was a little naive. So when I came here——

Mr. HOYER. We all are.

Mr. JOHNSON. They said no one in the country has ever stopped a Federal building. I said, well, we stopped them all, temporarily. It was okay.

Anyway, we went out and reviewed if there was a need in the first place, pretty fundamental. Do you still need the building? Why do you need it?

The second part was that, if that was the case, then what alternatives were out there? In that case they went back and looked at the vacancy rates. Why are you doing this building, and not taking a private building? What RTC inventory is available?

And I think in that review we found no RTC buildings out of 208 properties, mostly courthouses, that were available for us. We are getting the information now ahead of time.

I don't know whether this was law or not because we didn't get a law to change it, but we were told we had to be treated in the bidding process for RTC property the same as any private sector entity.

Therefore, we bid on them blind, just like anybody else. They open the bid, say, whoops, you lost. Who lost is the taxpayer, twice. So we now get that information beforehand.

BUILDINGS PURCHASES

Mr. WOLF. I understand what you are saying, but I just, again, you are kind of new in town. The FBI was hoisted out of here. The CIA, without GSA being involved, GSA and the White House couldn't get the National Science Foundation to move. I mean, that is just in a little local area.

Now, I can't believe that there are not many buildings that had been for sale and that are on sale now that could be taken over by the Federal Government to put Federal employees in. The fact is when I look at some of the buildings that Federal employees are in, they are not really very nice buildings.

You have asbestos and you have many other problems like that. The opportunity to come in and take those buildings over at a very, very low rate and again, Davis–Bacon would not be applicable to that.

Mr. JOHNSON. We have the same objective.

Mr. WOLF. Let me just, if you can look at it and get back and let me know.

Mr. JOHNSON. We will get back to you and show you.

Mr. WOLF. I would hope by the end of the year. It boggles my mind to believe that there are no buildings out there that couldn't be applicable, because many of the government agencies are going in buildings that were built by the private sector anyway.

Mr. JOHNSON. And office buildings, Congressman, as you are probably aware, the only opportunity we have would be as agencies resize or reorganize over the next several years, since our goal is no net new office space.

Mr. WOLF. But a lot of your leases are coming up too.

Mr. JOHNSON. We will certainly look at RTC buildings and we are even going beyond that. Because even where the RTC doesn't have buildings, there may be buildings elsewhere in the private sector, as evidenced by bank portfolios. There are certainly properties that are more useful to them for other purposes than others.

So we are trying to look at private portfolios to determine what they would really like to sell.

Mr. WOLF. That is good. I may proceed with putting this legislation in to set up a commission. I commend you for going outside. I think there is so much that has gone on, both within and outside of government, that borders on being so objectionable to the American people that I think somebody has to take a close look at it, and I see administrations come and bushy tailed, fresh eyed, and all of a sudden this process up here begins to work on them, and pretty soon they are holding their own, and then they are looking and they are gone, and people come over and take over and do it the same way it has been done before. I just haven't seen any change.

Mr. JOHNSON. So far that has not been a criticism I have been receiving, Congressman.

USE OF UNOBLIGATED BALANCES

Mr. WOLF. I commend you for that and I want to help you, I am just one Member, in every way I can. Let me cover another issue, which Mr. Hoyer has been very, very helpful.

I offered this idea years ago and it was viewed as being shocking because the Appropriations Committee would lose some control. We put a pilot project in for IRS and last year we put language in giving Federal agencies—at the end of the year in the language of fiscal year 1994 the appropriations act provided for GSA to use up to 50 percent of its unobligated 1994 balances in 1995.

Of these funds, 2 percent may be used to finance employee cash rewards and 3 percent may be used for employee training programs.

Now, I worked for the Department of Interior for five years. I was with a Cabinet officer in a Republican administration under Secretary Morton. It was common knowledge, and it is still going on today, of people coming through the building and saying, it is late August, we are not going to spend the money, do you need rugs, do you need this, do you need that, and in the offices of congressional relations throughout this government, there are people calling throughout the month of September to Capitol Hill telling Congressmen and Senators that they are letting contracts for X, Y, and Z to this company in their congressional district, and that company—and sometimes people are even announcing it as if they had anything to do with it. This takes place. Every Federal employee knows it, and if you could deal with this.

Now, the question is, have you moved ahead on this language or can you tell me where you are or if you have—if you don't have the data now, how much money has resulted and what have you done with the savings?

Mr. JOHNSON. I have looked at it, but I think Bill Early could give you more specific information.

Mr. EARLY. We have not executed that. We had a $4 million unobligated for the past year. We are trying to put a program in place to address specifically the items that it would be used for. Also, this committee gave us the authority to use 100 percent of the savings for financial management investments. We are looking very closely at how to employ that, and are going to use our finanical community throughout the agency to look and evaluate the best investment of those savings.

Mr. WOLF. I appreciate that, Bill, but this is an idea that we have talked about for years. It is endemic. I mean, it is just running rampant. Why don't you put suggestion boxes at the end of every corridor in GSA and ask your employees to tell you where you think that they could save.

I would encourage you, without beating this too much, to go back, Mr. Administrator, and put something in place and put a memo out to all your people saying we are open, we don't want you to have to come up to the end of the year, and it is going to begin again this year, buying rugs, buying desks, buying this. Let's save the money.

Because the problem has been, and the problem is with the Congress, is that if you don't use the appropriation that is given to you, you then feel that Congress says, well, they saved 5 percent and I got $15 million, we will cut it and we will give it to somebody else, or we will do something else and they don't keep the savings.

So this program provides the opportunity to send a portion of it back to the government, the Treasury, to reduce the deficit, to give

you some ability to do some things outside the guidance of the Appropriations Committee, and lastly, to encourage your employees, to give them bonuses.

Mr. JOHNSON. We agree with you completely and obviously you are ahead of your time. The NPR report recommended we do that across the whole government for the very same reasons.

Mr. WOLF. I have been recommending that for seven years. The problem has been both in the administration and also here in Congress. The Congress doesn't want to lose control over it and downtown it was too creative and people just didn't know how to do it. And I think you should, as GSA, take the lead.

Could you come back to me in a month and let me know what you are doing?

Mr. JOHNSON. Yes.

UNION AGREEMENTS

Mr. WOLF. Let me ask you. I have other questions, but you mention in your statement the Vice President's executive order and the partnership in the Executive Branch and you talked about you had signed an agreement with the unions, and I guess that is good. I guess I am not completely sure.

Are lawyers and accountants included in the definition at GSA? Can you show me the definition of managers that you use?

Mr. JOHNSON. Well, they are people that have management responsibilities and are not union members. I don't make that clean a distinction.

Mr. WOLF. But I need to know this. This is important because I think what is happening is, partially the assigning of these agreements with the unions, I am a little bit concerned, although I don't know this, and my experience comes from having worked in the government for years, and my wife was a government employee, that I have this feeling that this may be used to kind of get rid of middle management people, and that if you are middle management and you are 51, there is something kind of bad about you and we will move you out, and I am a little worried.

I saw this other thing in there that they were saying the draft report on implementing recommendations under National Performance recommends some type of requirement for all bargaining unit employees to pay to help support the representation of services provided by the union.

Well, that would mean that if you work for GSA, you would have to pay even though you didn't belong to the union.

Mr. JOHNSON. I know. It is closed shop.

Mr. WOLF. Do you think that is good? Do you plan on——

Mr. JOHNSON. Let's do the first one. The issue with organized labor, as far as I am concerned, in this agency, in this Government, has to do with our need to get at everybody in the organization regardless of where they were, get their views and their ideas.

Mr. WOLF. That is good. I agree with it.

Mr. JOHNSON. It turns out that in this Government, some of those people are represented by unions. That is a fact, right?

Mr. WOLF. And that is fine, too.

Mr. JOHNSON. But the objective here is to open up everyone in the organization to contribute as best they can. I have learned in

my own businesses and in the last 20 years in technology companies that we have no organized labor mostly because we learned a long time ago that we better deal with people properly in the first place and then they don't need to be represented. But that is a different issue.

The objective is the same, to get the people all throughout the organization to do what they can do.

MIDDLE MANAGEMENT STRUCTURE

In terms of the middle management structure at this agency—I can't speak across the Government—we have an organization structure that looks like the work is not packaged properly. I commented in my opening statement, 25 components report directly to me. Many people in the organization have only two or three reporting to them. That is a sign that things are not packaged properly.

We are going to repackage that. That should end up with fewer middle management people, not because you are 51 or whatever, but simply because we will be repackaging the work. So we are targeting to improve the effectiveness of the organization.

My opinion to you would be that it looks to me that there are too many of them, but not because they happen to be 51 or something else.

Mr. WOLF. Don't beat the 51 horse too much.

Mr. JOHNSON. 59.

Mr. WOLF. Or 45, or just mid-management. My sense is that everything I hear, I hear it on the Floor from many of my party, some in the other party, I hear it from the Vice President's office, that there is something wrong in that all these people—most of the people out at NIH that are working on cancer cures are probably mid-level.

In fact, I saw an article about all the mid-level people and the contributions that they have made, and I also get a little feeling—and I am not sure and I am going to watch the agencies that come before this committee and be very aggressive to speak out on it, my sense is there may be an effort, and I don't know if it is really happening, that is why I want to raise this publicly.

This is the first time I have really raised it, that there may be an effort to move a lot of people out and to take advantage of this opportunity, people who were doing a good job.

And I think you have to look across the board, upper levels, lower levels, mid-levels, and I just think everything I hear is based on mid-level. There are scientists. There are people like that and I am a little bit concerned about it.

Mr. JOHNSON. I think you are right to be concerned. I will be concerned also. We are looking at how to make the agency more competitive.

From my background experience I look at certain things and I say, I think that is a problem and I am going to look at that. I think we have too many middle managers in this agency.

Secondly, when I look at the issue of process versus end results, I see folks that are measured mostly on the process of things, not the end result.

My belief is that when we get to end result, we are probably going to find different kinds of qualified people. I have a feeling that there are qualified people all throughout the organization.

Mr. WOLF. There are, sure.

Mr. JOHNSON. There are end-resulted people that have probably not been getting good opportunities because we are just measuring the process. So I also think there will be opportunities for promotion opening up.

Whether they are all middle management, I don't know, but we do have to open this process up, promote people, reward them on the basis of results, and package the work properly. Again, as you have heard me in the beginning, that is not because I think Government is business. I know it is not.

It is different, but, boy, there is an awful lot of fundamental approaches that I think are quite common.

Mr. WOLF. I think you have got to be careful and I appreciate your comments. I think Timothy McCarthy, who was the Secret Service agent that stopped the bullet that would have killed the President of the United States, would have been mid-level and you can go on and on, and the young lady, now elderly lady at the Food and Drug Administration that stopped thalidomide from coming into the country would have been mid-level, and I think all the talk that I hear is mid-level, and I get this sense, and I can close and I can see the Chairman wants me to end on this, and I will get you on the next round, is I am really concerned—and I am not going to put you on the spot to ask you, do you favor this.

I said I am not, but I really worry about this proposing that employees who don't join a union have to pay the dues.

Mr. JOHNSON. I am against that.

Mr. WOLF. I appreciate that.

Mr. JOHNSON. Personally. I am not speaking for the administration.

Mr. WOLF. I understand that, but I would hope the administration would end this thing quickly, because I think it has a troubling aspect to it, to a lot of people, and I will just take the next round.

DEFINING MANAGERS

Mr. HOYER. Let me make an observation on your question. One of the problems is semantics. What the Federal Government did is what business does. It tries to pay its employees competitively. Now, we haven't really done that because we have somewhat skewed the system rhetorically with personnel level freezes. What we have not done is create managers at these pay levels. What we have done is paid them for the product they are producing competitively because we need them, but we if we don't pay them properly, we are going to lose them.

One of the problems is we have oversimplified. The 13's, 14's, and 15's are by definitions managers, therefore we have said that this being the case, we are way out of synch with the private sector, which has like a fourteen to fifteen ratio of employees to supervisors. We are down to like a five to six ratio. I am not sure exactly of these figures. But the point is that GS–14 scientist at NIH is clearly not a manager any more than Michael Jordan was a man-

ager. Michael Jordan wasn't paid to manage. He was paid to produce and did produce and was worth every nickel they paid him because he got the people coming through the till and the TV people and all that. To some degree, when we talk about management we refer to production. We skewed the term management because of the competitive salary requirements, not necessarily because we needed more managers, but they are paid at the top level. We need to explain to the American public we are not that out of synch with the private sector in terms of pay. However, because the government personnel system permits only "managers" to receive top pay, we have more managers, by a greater amount, than they do in the private sector.

Mr. JOHNSON. In my agency there is a lot of that also. When I was the president of my company, I had a chief scientist who made more than I did. You can't find that in the Government.

Mr. HOYER. Let me tell you what happened at NIH, when we had some of the personnel hiring freezes, NIH contracted services to scientists at GW and other universities. These individuals cost us about $140,000 or $150,000 because we couldn't pay our own scientist $110,000, or $120,000, or $125,000. Again, these are the rules that constrain us.

Mr. Visclosky.

Mr. VISCLOSKY. I have no questions, Mr. Chairman.

Mr. HOYER. Mr. Darden.

Mr. DARDEN. I don't have any questions. Thank you, Mr. Chairman.

Mr. HOYER. Mr. Olver.

Mr. OLVER. I don't think I have gotten the message. Has the message come down this end of the table?

Mr. HOYER. Well, it means we have two terrific Members who have no questions. There is no message.

Mr. Olver, you always ask thoughtful and good questions. You may do that now.

GSA EMPLOYMENT REDUCTIONS

Mr. OLVER. Let me follow up for a moment, Mr. Chairman. Mr. Johnson, the question here that has gone back and forth on managers, mid-level managers and so on, what is the level of reduction of employment in your agency now from when you came on?

Mr. JOHNSON. It is——

Mr. OLVER. Do I have that here someplace?

Mr. JOHNSON. I don't know if you do, but I do. Since early July, 714 I think.

Mr. OLVER. Reduced by 714?

Mr. JOHNSON. Yes. Our annual attrition rate is about 5.4 percent.

Mr. OLVER. Would the distribution of salaries or civil service status of that 714 show us that this was in fact mostly out of the mid-level managers that you think you had too many in the agency?

Mr. JOHNSON. Probably not, because it was all by attrition.

Mr. OLVER. So it is just——

Mr. JOHNSON. Whatever happened, happened. I can't take credit, other than I enforced a no replacement policy until they proved to me why they really have to hire.

Mr. OLVER. So I would think that it would be important for all of us to be watching. We keep hearing the push is on mid-level management and so on, and up to now maybe you have not had the flexibility nor the tools to do that in the way that you would like to do, but, over a several year period of time, it ought to be possible for us to track the reductions and begin to see a change from what you have just described for this year as being nothing but attrition to one that really targets to the places that you feel they ought to go.

Mr. JOHNSON. Yes, sir.

Mr. OLVER. That ought to be possible if not now, than for when you come here next year, for me to ask a similar question and for you to show me some sort of tracking to indicate where these folks have come from and shows what salary levels, GS grade levels, that would allow me to see whether, in fact, you are producing an outcome-based management or merely some process.

Mr. JOHNSON. That is right. We are only now beginning to get some idea of where that might be because that all starts with the procession I talked about, about planning and looking at the organization itself.

That is sort of the result. If you do a good job of organizing, the result is what you are after. If you just go after numbers, then you have a problem.

Mr. OLVER. All right. I will wait until next year to look for that result because we are rather early in this process. But the process of coming down is clear over a several year period and now we ought to be able to guide that process into one that is really outcome based rather than——

NEEDED TOOLS

Mr. JOHNSON. We will need some other tools, Congressman, to be able to do that. Without tools such as buyouts and maybe some of the expanded authorities, we are pretty well hamstrung in terms of changing content of jobs.

If you have to go to RIFs, which I would not do if I can meet the numbers through attrition, you just end up with the same people in different jobs. So to be effective here, the Federal manager needs to find the tools, at least some of them, that the private sector manager already has.

ORGANIZATION PLANS

Mr. OLVER. Have you identified divisions or units or whatever that can be consolidated? I am never quite sure that those things save much, but——

Mr. JOHNSON. Some we have. Some we are in the process.

Mr. OLVER. So we would be able to see something.

Mr. JOHNSON. We are going to be presenting you with some briefings shortly on the status of all of the thoughts and discussions we have had so far, and you will begin to see some areas where we are pretty sure we want to consolidate. We are still looking at this. So you have got a work in process.

Mr. OLVER. On both there are probably things that you can do administratively, but there may be some that require legislation.

Mr. JOHNSON. Yes, and we are sorting that out.

Mr. OLVER. But that is not yet ready?

Mr. JOHNSON. We are ready enough to give you a status report.

Mr. OLVER. When will that status report——

Mr. JOHNSON. We have sent letters of invitation to the staffs of the committees, so I am sure your staff knows. If you want to come to them, we will send you a separate one.

Mr. OLVER. I don't need a separate one.

Thank you, Mr. Chairman.

TIME OUT AND REVIEW SAVINGS

Mr. HOYER. Let me review a little bit the time-out and review process. You have referred to that a number of times and we have talked about it. It has created controversy in terms of GSA's proposals.

First of all, I want to reiterate to you, to the Members of this Committee, and, frankly, to all the Members of the House that it is my perception that the time-out and review is appropriate.

Secondly, such savings as we can effect, whether they be in courthouses or other building projects are appropriate. Lastly, if in fact there are projects which were warranted at the time they were proposed but for reasons that we couldn't contemplate at the time of proposal, are no longer warranted, they ought to be substantially reduced in capacity.

What I would say, which I have said to you privately, is that it is important that we try to work out these issues for both political and management reasons. Obviously, as you can understand, people who propose projects for their areas believe these projects are important for their areas. When these projects are approved by the Congress and the funding for them, becomes law, there is an expectation in their communities that their construction will occur. However, the Members need an opportunity to explain and understand why the initial requirement, which may well have been very correct and appropriate at the time, may or may not be appropriate now.

RESCISSION OF SAVINGS

On November 5th, a General Accounting Office decision stated the funds associated with projects considered under GSA's time-out and review process represent a deferral of budget authority pursuant to the Impoundment Control Act of 1974. The administration then followed established procedures for reporting these deferrals.

The procedures established by the 1974 act require that the deferred funds be expended or rescinded by the end of the fiscal year. What are you planning to do to meet this requirement?

Mr. JOHNSON. We are proceeding with everything that was approved. We are proceeding to save the money that was recommended and, in many cases, we have questions or letters for help out to Senators and Congressmen. Where we don't have enough information, could you please help us get something further? We are proceeding.

Mr. HOYER. I want to express that which I have told you, Mr. Johnson, to Members of the Committee, there was a rescission list provided by GSA to offset Earthquake Supplemental requirements with which we did not concur.

Our non-concurrence was not based upon a substantive review of the individual projects that GSA recommended for reduction or elimination. We did not concur because we believe that, first of all, we ought to give you the broad authority to accomplish the savings. On the other hand, there was a proposal frankly by the Senate to list specific projects for rescission. We concurred, but substituted a list different from that proposed by GSA.

I want to tell the Members of the Committee, that we will need to make a decision on these projects. Some with which we may agree with, some with which we may not agree, but we will be reviewing those specific GSA-proposed projects for rescission in the $127 million package that was passed.

In some cases, Mr. Johnson, the authorizing committees have by way of resolutions they have passed, tried to establish funding limitations for projects which is less than what has been appropriated by both Houses of Congress and then signed into law. Is there a legal basis from your perspective for GSA to obligate only those funds cited in resolutions passed by a legislative committee and not the amount appropriated in public laws?

Now, this is a very serious question, which obviously deals with CHADA in some respects, I suppose. It deals with the authority of the Public Works Committees on both sides, as well as the authority of this Committee, to set parameters.

Mr. JOHNSON. Can you give me that again?

Mr. HOYER. Congress. Congress passes a statute which appropriates X number of dollars for a particular program. Subsequently a resolution may be passed by some committee, not a law but a resolution which set some figure lower than that in Public Law.

In that context, where do you think GSA is?

Mr. JOHNSON. I think we would be at the law.

Mr. HOYER. At the law?

Mr. JOHNSON. Yes, Mr. Chairman, could I ask?

Mr. HOYER. Yes.

Mr. JOHNSON. Because I think we have an opportunity here, I would like Deputy Stasch to give you a broader view of where we are in the final review because we are almost finished with it.

Mr. HOYER. I would like to hear that now. Thank you.

Ms. STASCH. Thank you for your compliment earlier.

Mr. HOYER. For those Members of the Committee, who had a chance to work with Ms. Stasch, but I want you to know that she came out of the private sector at substantial financial cost, and I have been very impressed as I said earlier with Ms. Stasch's commitment to making this process a rational one and I also think she has been very sensitive to the concerns that Members have.

UPDATE ON THE TIME OUT AND REVIEW

Ms. STASCH. Thank you.

Let me give you just a little update. When we started the time-out and review, we said we thought it would be a maximum of a six-month process. Last week we completed that process, and it took five months. So I think we were very lucky to be able to pull the resources together internally and devote the time that was necessary to analyze what really started out to be about 208 projects, and ended up to be about 193.

We will be submitting to this committee and others by the end of the week or the first of next week a comprehensive report on the entire time-out and review. So you will be able to see on a project-by-project basis what our recommendation was and, to the extent that we have recommended savings, you will be able to see what we believe the source of those savings will be.

We have identified over $1 billion in current and future savings. Don't misunderstand. I don't think that we can recommend rescinding $1 billion from anywhere, because not all of the dollars that we have identified as savings are in actual enacted dollars for new construction.

A fair amount of the dollars were found in projects where we were able to dial back unsupported expansion space, where the construction dollars would be requested in a future year. These savings are based on a reduction in the amount which was identified in the early prospectus for the cost of the project.

The savings will come from a number of places. As I said, reductions in the number of square feet are either reductions of expansion space, or based on a true discussion with an agency or with the judiciary on exactly how large a facility needed to be.

They will come from value engineering. Value engineering is applied in 2 different ways depending on where a project is in its development stage. I firmly believe that to the extent that a project has not yet been under design, we can probably dial back the estimated construction costs by about 10 percent.

Following that, we should be able to yield another 2.5 percent throughout the construction phase of that project by an approach which would be shared value engineering savings with a general contractor.

I believe that this is possible because I think that we had a generous approach to project budgeting that I think may not be as appropriate when our resources are more constrained. It is not the intent of time-out and review to yield projects that are basically different in terms of their ability to serve the mission or the function of a court, or the psychological expression of what a court needs to be.

So I think that you will see in this comprehensive report that the effort was very worthwhile and that even though we did not identify a large number of projects where we could say we don't need the project, I think that the over $1 billion savings are impressive. People who don't think that is a lot of money are not in the right place at this time.

So I look forward to submitting this, and I think that we would be happy to sit down in a private meeting as necessary and go over project by project the proposed savings.

To the extent that we have been overzealous, a project or two, and we are not able to realize those savings, those funds are largely still available and we are going to be monitoring the time-out and review projects in a more hands-on way through the central office than is perhaps done on a routine basis, and we will be reviewing internal status reports which we can share with the committee as they move forward in their development process.

CONGRESSIONAL RESPONSIBILITY FOR SAVINGS

Mr. HOYER. Thank you. I think this is an important process. I have said that from the very beginning. I think this is an appropriate process. It is obviously a controversial process, but one where we can effect savings. You are absolutely right, $1 billion is a very big chunk of change. We are in an unusual context which has not been experienced by anybody on this Subcommittee. In the 13 years I have been here, and Mr. Wolf has been here about six months longer than I have, have we been in a period of time when in real dollars discretionary spending went down, never before.

Now, it may have happened at some point in time after the Second World War or after wars or something of that nature, but in recent memory, that is not true. One billion dollars is one-eighth, 12 percent of the reduction that we are going to have in real dollars, so it is a very big chunk of change. The taxpayers expect us to save tens of millions of dollars. They understand in their own families $5, $10, $15. If I have a lot of change in my pocket, I will spend it more easily than if I don't have it, irrespective of what I may have at home or in the bank or whatever. That is just psychology. Everybody understands that.

But the fact is we are in a time when we need to save every possible dollar, not only for the financial impact, but the psychological impact to give the American public confidence that we are managing government properly. That is what reinventing government is all about and we want to do it. We want to work with you. It is controversial and we want to be sensitive to it. It affects people, affects homes, affects the work of a lot of people.

JUDICIAL-CONGRESSIONAL RESPONSIBILITIES

I want to make clear my position on the courthouse projects. There are a large number of these projects each year. I am an elected Member of Congress, and I have great respect for the judiciary. I am a lawyer and I have great respect for the profession.

I do not believe, however, that the judiciary can tell the Congress where it is or is not going to sit. Where it will or will not hold court. Congress can't tell them how to rule on any case; it is an independent body. It is the responsibility for the Congress, not the judiciary, to establish where we will seat the Federal courts.

We are going to continue to follow that policy. I say that at this point in time so if there are any representatives of the judicial branch here, that message can be made very, very clear. That view, as you know, Mr. Johnson, is shared very strongly by the Chairman of the authorizing committee.

Mr. Wolf.

AGENCY SPENDING RATES

Mr. WOLF. Sure. Thank you, Mr. Chairman. I share what Mr. Hoyer said in the savings point, and to go back, and you don't have to answer this, but on the—this program to save money, I am going to write all the agencies that come before the committee and ask them to send me a computer printout of all the contracts that they announced in August and September of last year, so we can make

a good comparison, and so you can see how they are running these things through.

So when we talk about use of unobligated balances, as you come up, Bill, with your program, we are not only talking about unobligated balances, we are talking about developing a psychology in the agency that it isn't necessary to even obligate because everyone has a little bit left, but there are some things you just don't even need. We should encourage you.

That gives you more money to help your employees. So don't only think of what is left at the end of the year, but how, as you come close, you can keep more and more of it.

DAY CARE CENTERS

This committee—years ago I offered an amendment with regard to setting up daycare centers in the Federal Government, and I think it has been a very, very successful program. Last year GSA indicated that the planned expansion of child care centers would involve six additional centers by the end of fiscal year 1993 and sixteen new centers for 1994 and eleven new centers in fiscal year 1996.

Do you know how many centers are up and operating now and where are you for the rest of this?

Ms. STASCH. Ninety-four centers are up and operating now. We anticipate six more before the end of this year.

Mr. WOLF. Six more, so you reach 100.

Ms. STASCH. There are quite an additional number in planning, although I don't have that specific number.

Mr. JOHNSON. When we traveled around the country, we made a point of visiting every child care center in every city we were in, and they are impressive.

Mr. WOLF. They are very impressive. If you are a parent, particularly a single parent, the opportunity to get up in the morning rather than dropping your child at a rinky dinky day school an hour away, this opportunity of spending that time with your child coming into work, being there close by so at lunchtime if you want to stop over and see your child, at the end of the day to spend that time on the way home. We all want our children to have values and values are not taught. Values are taught to kids. In order for them to catch the values of their moms and dads, they have got to be with them.

One of the impressive ones you might want to see is the one at 110, the Pentagon. Many officers are stopping by, having lunch with their kids, being with them at the end of the day. So I encourage you to stay with this program and make it——

Mr. JOHNSON. It has been an area of high interest, Congressman. When people have asked me, "What would you really want to be successful when you leave here," I said to have daycare centers be the best anywhere in the world so people would say, "If you want to see a good daycare center operation, you go to GSA, whether you are in a foreign country or the States."

Mr. WOLF. How do you work with OPM on the daycare issue?

Mr. JOHNSON. I don't know. We have a good deal of expertise ourselves. The daycare centers themselves in the country are part-

nerships. We provide the facility. An agency will provide the funding.

They are generally privately run from the core director's standpoint, with a paid staff.

Mr. HOYER. Mr. Johnson, while you are looking for that, let me tell you there is no Member of the Congress who has tried to make government employment more family friendly than Frank Wolf. He has been on top of of this issue for over a decade, ever since he got here, but particularly as a Member of this Committee he has focused on it.

Mr. JOHNSON. We are doing a lot of work also and putting a lot more attention and emphasis on telecommuting.

Mr. WOLF. That is the question I was just going to get to.

Mr. HOYER. Frank, I interrupted. You asked about how they worked with OPM.

Mr. JOHNSON. They are supported by Congress. We are taking a lead on it.

Mr. WOLF. Several years ago they wanted to take the daycare issue over and there was some controversy back and forth. Are they out of daycare now totally?

Ms. METZLER. My name is Cynthia Metzler. I am the Associate Administrator for Administration.

We have a cooperative relationship with OPM. I don't think they want to take over the daycare, child care issue. What they have been doing is publishing a directory of other child care centers but we have responsibility for the creation of them and oversight of them and building of them. So I think it is a cooperative relationship.

DAY CARE USE

Mr. WOLF. If I could, if you could get us the utilization rates across the economic spectrum. For example, what are the utilization, GS 7's compared to GS 15's? I would like to make sure it is open and available.

Also, what are you doing with regard to scholarships? We had also put in an amendment which was knocked out awhile ago that allowed the agencies to develop some recycling cans and different programs like this that the money could go in for scholarships because if you are only a GS 7 and a single parent, you don't have a lot of money.

So if you could give the committee ratios 7's through 15's and any programs either you or OPM are pushing to develop outside resources, scholarships for people particularly at the lower levels.

Ms. METZLER. We have been looking at programs to develop scholarships for people at the lower level, and I think we have one with the money from the recycling program.

Mr. WOLF. Tell me what other agencies are using it and how much money is coming in. On the daycare, do you work—whatever you do on daycare, does then if DOT runs their daycare, they work it back through you?

Ms. METZLER. GSA has the oversight responsibility if it is in a GSA building.

Mr. WOLF. And ideas that are developed like the recycling idea, are they then circulated back out to the other different agencies?

Ms. METZLER. Yes. We will get you some more information on that.

TELECOMMUTING CENTERS

Mr. WOLF. The other question is the telecommuting, and I appreciate Mr. Hoyer's comments there. The Chairman has been really good about this one, all of these.

We offered an amendment several years ago, which there was a lot of opposition to, with regard to telecommuting. There will now be four telecommuting centers in the country. One will be in Maryland—two will be in Maryland, two will be in Virginia. I think the committee put more than adequate funding in.

In fact, as I sense, the committee may have put even too much funding in, but I think it is important to really promote those centers. Coming from California, the opportunities for telecommuting in California, particularly I almost offered an amendment to the supplemental, but I didn't know how we could tie it on with regard to—tie in some of the funding to the fact urging California to be more aggressive with telecommuting, but in LA and San Diego and New York and Chicago and places like that, particularly where there is a large number.

So the question is—maybe it is not a question. It is a request, aggressively promote the four that are there. If they are not aggressively promoted—and it is my feeling that they are not being aggressively promoted, they will be a failure, and if they are a failure, then the Federal employees in Phoenix and LA and places like that will not ever get to take advantage of these, and the one in Virginia, there is very little knowledge.

I am talking to Federal employees that live near it and they don't know anything about it. I guess the question I would have is, how are you bringing the agencies on board? Because we are getting calls, well, my agency doesn't like me to participate in this.

Mr. JOHNSON. First of all, I agree with you completely. The industry I came from facilitates that type of technology. It is the next wave of bringing our country to its next level of productivity, so I am so happy to see that we had responsibility.

We met with the people who are responsible for organizing the ones here on the East Coast, and my conclusion was that we were doing internally a poor marketing job. So I have asked that we do more and review more, and I am working on what I would call marketing plans as opposed to facilitating plans. They are very different.

But I think in the last analysis, the point you just made is where we need more help. We have just opened three centers in California. In the Internal Revenue Service, Commissioner Richardson is a complete advocate, and we have IRS people all over the place just rushing to get in.

Conversely, I am sorry to tell you, that there are hardly any other agencies where their management is encouraging them. Last week I put a letter out to all secretaries of the Cabinet and other agency heads pointing that out to them, asking for their aggressive support.

I have phone calls out to four of them right now. I just talked with one. I am out pushing, peddling, prodding every way I can.

So you get aggressiveness out of this office. We could use whatever support we can get.

Once the people get in them, and we just hired a wonderful talent, Faith Wohl, who is a nationally known workplace initiatives person. Faith was out there last week, and she said the people in them are just excited. It is wonderful. Their productivity is great, the supervisors are great, but the management either is passive or for some reason they are frightened of it.

Mr. WOLF. If you could have her come back by to my office. I would like to chat with her. Let me read you one thing. We had a call from a constituent. She called and she was told by the Federal agency that only handicapped individuals could utilize the flex place, work-at-home option.

Mr. JOHNSON. That is ridiculous.

Mr. WOLF. And I am afraid that if these four here are not—now, if they are adequately promoted, I believe they will be a booming success. If they are not, the record will show.

But I am afraid that the mind-set in the agencies is if they can't see their people, they feel their people aren't working.

Mr. JOHNSON. The earthquake in California, as tragic as it was, really gives us an opportunity to jump start that concept. When I first looked at it, I was told we were looking at three or four centers, and the numbers of people you can put in three or four centers is important.

I asked the question the other way around, how many people do we have to take off the freeways to make a dent, and what kind of telecommuting facilities do we need to do that, and could we do that. Turns out that 25 or so could take 2,500 people off the freeways.

So we are now ready, and my people said, yes, we could do that if asked. So we have found space, we know where they are. I don't want to just fill up two or three. I would like to get a few thousand people coming at us and we can put the stuff in place. We are ready to go.

WORKING AT HOME

Mr. WOLF. I think it is important for the environment, it is important for commuting. If you look at all the indicators, the American family is unraveling before our eyes, and the more this gives a parent the opportunity rather than commuting 50 miles down to LA or downtown Washington to coach the little league, to be active in a church group, to do whatever the case may be.

One other area that I think has been really neglected, and the law permits it, our bill permits it, is telecommuting at home, and if you can promote that, because there isn't any magic of strapping yourself into a metal box and driving to the telecommuting center.

Mr. JOHNSON. We can also handle 8,000 people at home, which is 8,000 customers.

Mr. WOLF. If you can do that with your legacy, if you can promote both the telecommuting centers and also the opportunity at home, I would appreciate it. And if this individual could come by my office, I would appreciate it.

Ms. STASCH. She will be here tomorrow.

Mr. JOHNSON. The dimension she is adding, of course, is that this is not just a question of putting some computers and faxes in a building.

There is a whole mentality of making people comfortable. She brings to it that whole dimension, which I think is new to the process.

Mr. WOLF. Is she going to be responsible for both telecommuting at home and at the center?

Mr. JOHNSON. Yes.

Mr. WOLF. Will she also be involved in the daycare issue?

Ms. METZLER. Yes, she is in this new office we call Workplace Initiatives. She is responsible for the child care, daycare, and to the extent that we move into it in the Federal Government, elder care, telecommuting, working at home, and flexible workplaces. We have consolidated these activities in one place.

Mr. WOLF. Good. That makes a lot of sense to put them together.

Mr. JOHNSON. That is a good example of packaging organizations that I mentioned earlier.

Mr. WOLF. Mr. Chairman, I have some other questions. I will submit them for the record. I appreciate your dedication in looking forward.

Mr. HOYER. Mr. Visclosky.

Mr. VISCLOSKY. No.

Mr. HOYER. Mr. Olver.

ADDITIONAL TELECOMMUTING CENTERS

Mr. OLVER. Thank you, Mr. Chairman.

Every time the gentleman from Virginia speaks, it opens my mind to some whole new group of things, and I only just discovered these telecommuting centers here and was wondering why they were not in—one each in Virginia, Maryland, Indiana, Massachusetts——

Mr. WOLF. If the gentleman would yield, if the gentleman would yield, that is a good question and we tried. I feel that there should be some outside of the Washington region and Mr. Hoyer agreed.

We were in a conference and we just were not—I mean, we were urging this and LA was one region. I won't mention a few others because it would identify people. We urged them to go around the country. The feeling was we could only get it passed if we would narrow it down to this region.

So we thought if we could narrow it down here and make it work, then Massachusetts and places like that could have it.

Mr. HOYER. The answer is self-evident.

Mr. OLVER. But did I understand, you were saying you felt there was a justification or a need for twenty-five of them in the Washington area?

Mr. JOHNSON. Los Angeles.

Mr. OLVER. In Los Angeles.

Mr. JOHNSON. What I was trying to explain was that we have come at this from the concept of what is possible, which is what you have to do. In LA, I asked the question, what would be useful. The question gets to be, how many people would make a significant dent in the freeway pileup due to the earthquake.

The transportation people said that maybe 1,500 to 2,500 people would make a noticeable dent. Then we went backward to how many centers would we have to put in place to accommodate that. That turned out to be about 25. So I asked some people, could we do that. Are the facilities available? Is it feasible to do that? They said yes, but it takes some time.

Mr. OLVER. So 25 in the Los Angeles metropolitan area there?

Mr. JOHNSON. Yes, surrounding area.

Mr. OLVER. Just to deal with Federal employees?

Mr. JOHNSON. Yes, Federal employees. Now, Mayor Reardon and Governor Wilson are also involved, and their people are trying to accomplish the same goal, getting people off the streets, so we are working with them in a variety of programs, as well.

I would wish that across the board, Federal, State and local governments worked closer together outside of disaster times, but we will take what we can.

TELECOMMUTING MAJOR METROPOLITAN AREAS

Mr. OLVER. This is really the first time I have heard about this, but it then seems that major centers, regional centers, where all the regional offices are, which are spread around various parts of the country where there is a major population and a major commuting, major commuting pattern, all are targets.

Mr. JOHNSON. Yes.

Mr. OLVER. We are talking about four in this area?

Mr. JOHNSON. Yes, sir.

Mr. OLVER. This metropolitan area may well be a metropolitan area that ought to have in some proportion to what you described for Los Angeles, maybe ought to have a dozen or ten or something like that to——

Mr. JOHNSON. I think more work needs to be done, because taking people off the streets, Congressman, is the most visible benefit of a telecommuting center. It is my opinion that it is probably one of the smaller benefits, but it is visible.

The issues that the Congressman was talking about, quality of life for families, facilitating that whole family, are far more important. It is hard to sell that. So who knows whether 25 is the answer or 250 is the answer.

Mr. OLVER. But we have major metropolitan areas where there is a huge concentration of Federal——

Mr. JOHNSON. Yes, sir.

Mr. OLVER [continuing]. Federal presence, 250,000 to 200,000 to 250,000 or something like that. And I have no idea what the pattern is, but you can rather quickly imagine that the Atlantas and the Chicagos and New Yorks and Bostons represent possibilities for substantial usage.

Mr. JOHNSON. Yes, sir.

CONSTRUCTION AND ACQUISITION OF FACILITIES

Mr. HOYER. Let me go back to this, what I call an opportunity fund which, by the way, Mr. Administrator, we are going to have to spend a lot of time defending in terms of leaving that fund alone. One of the great reservations about putting this fund in, as you know, is trying to ensure that it doesn't become a fund used for

identifiable projects. I am going to try to keep it whole because I think if you are going to have the fund, it needs to be there, needs to be protected.

We have had some discussions about the mechanism which will be used by GSA for deciding to spend out of that fund and the role that would be played by this Committee and our Senate counterpart. In our correspondence, you indicated that prior to approving expenditures, you would seek and would be constrained by congressional approval.

Mr. JOHNSON. That is true, yes, sir.

Mr. HOYER. The requirement for Congressional approval is not included in the language of the 1995 budget submission. Would you have an objection to Congress specifically stating that?

Mr. JOHNSON. No, sir.

Mr. HOYER. Your 1995 request for this activity is $1 billion. That is a lot of money. We talked about saving $1 billion, on the other hand, we are talking about possibly spending $1 billion.

Mr. JOHNSON. That is the intent of doing it.

Mr. HOYER. There needs to be some communication on how that fund would be used.

Mr. JOHNSON. Sure.

CONVERSION OF LEASES TO OWNERSHIP

Mr. HOYER. What do you anticipate is the timing of this lease conversion process? How soon do you think we may have some specifics? This request is for fiscal year 1995 funds, however it will be no year funds?

Mr. JOHNSON. Yes.

Mr. HOYER. Are there any time frames in which you believe you will start looking at this or when you think you are going to start having opportunities?

Mr. JOHNSON. The first thing we are going to do is come back to you with a review of the whole 48 candidates for lease conversion. We are going to try to winnow that down to some subset, and to say that we have been out to the market now in these different places and it isn't 48, it is really 21 or something, and here is what we really think is possible in these areas. I would guess that is a process of several months.

Ms. STASCH. I think even before we do that, we want to come back to you and get your concurrence on the entire process, and identify all of the places where we will be in communication.

We assume that those would be a number of places in our sort of strawman's process. I think we would be prepared to sit down on a working level on the process within a week, so that could be part of your discussions and deliberations.

Mr. JOHNSON. My intent is to get the Committee involved as deeply as possible in that process. I have discovered there is a contracting clause that we have to be sensitive to, as well.

We have worked that through ourselves, and I think there are ways we can do that and still maintain the integrity of the procurement process.

Ms. STASCH. I think that there are two stages to what we have deduced. There is a group of activities that can be underway in advance of the true availability of funds, including a complete market

analysis of the environment, the market environment, and physical characteristics of candidate buildings.

This can take place in advance of the availability of funds. We really cannot go into the marketplace with a Request For Proposals (RFP) or Solicitation for Offers (SFO) until we truly have funds, because we will not get expressions of interest unless people truly feel the resources are there.

As soon as we have a comprehensive process in place, we would like to start showing some community programs for some of the major markets that we would like to try; that would be in, I would say, three to six months. Then, shortly after that, we can have those expressions of interest by good candidates.

We have identified in the budget that there are 23 candidates for this conversion, but it is not our assumption that 23 transactions will ensue. It is our presumption that these are the best candidates to look for transactions.

If the marketplace doesn't tell us that there is a transaction, we would hope that the prospectus would be less—continue leasing within some approved parameters. This is a market-driven mechanism. It is not intended to make a wholesale conversion from lease to ownership unless we completely demonstrate that it is worthwhile and, from a physical standpoint, that we are bringing into our asset base buildings that are worth the dollars that we will be paying for them, particularly to the extent that they can accept evolving technology over time.

I think this would not be seen as a successful program if we find in just a very few years that we have to spend additional dollars to make sure that these buildings are compliant or appropriate.

COST OF RENOVATING PROPERTIES FOR PURCHASE

Mr. HOYER. Renovations for getting properties standards may be required. Is the cost of these renovations contemplated in the $999 million?

Mr. KIMBROUGH. That number would have to be included in there. We would have to exercise due diligence on a building to determine whether it met current life safety requirements or disabled accessibility. Anything that we would require for ourselves, we would have to make sure that that was cared for and would be paid for out of those funds.

Mr. HOYER. Mr. Wolf, did you have any additional questions?

Mr. WOLF. No further questions.

Mr. HOYER. I have a lot of questions that are relatively precise and discrete questions that I will give to you for the record. I don't want long answers or complicated answers.

Mr. Visclosky, any questions?

Mr. VISCLOSKY. I am fine, Mr. Chairman.

CONCLUSION

Mr. HOYER. Mr. Olver, any additional questions? No.

Thank you very much, Mr. Administrator. We look forward to working with you closely on this. We will disagree at times and we will have significant disagreements. We will have some political disagreements.

We are a political body and I don't apologize for politicians responding like politicians. That is their business. That is what the founding fathers of this country created. They created people to be responsive to the needs of their constituencies. On the other hand, the greater constituency is the country and, frankly, if the country is not doing well, my people aren't doing well, Mr. Visclosky's people aren't doing well, Mr. Olver's people aren't doing well, and Mr. Wolf's people aren't doing well.

We will have some bumps along the way, but this reinventing government is serious, real business. Some people criticize the Vice President or this administration for talking reinventing government because it was talked about under Bush, it was talked about under Reagan with the Grace Commission Report. Very frankly, no business, no office, no family is successful when doesn't try to frequently reinvent itself in terms of how it can do things better and spend our resources more wisely.

We haven't gone into it, but this procurement reform is critical. We are doing some dumb things in government on procurement. I noticed on some of the papers I have been using here, that we take way too long to procure things. We have protected ourselves against fraud, waste, and abuse and have fairly well created, if not fraud, waste, by buying out-dated products, whose technology is moving so quickly that it outpaces the procurement timetable.

We are buying out-dated computers because we are making sure that everybody has an opportunity to bid. We can sometimes get it off the shelf, maybe a pretty expensive off-the-shelf item that would be much better or equally as good, and we are going to have to get to that.

That will be a major authorizing issue, but we are involved in that because we deal with the funding of GSA and other agencies. The Appropriations Committee funds a lot of agencies obviously that are procuring items that in many respects are not procured as cheaply and as timely as should be the case.

So there are a lot of big issues that you are dealing with. We look forward to working with you and thank you for being here.

Mr. JOHNSON. Thank you very much.

Mr. HOYER. We will insert the questions for the record, followed by the justifications, in the record at this point.

[The material follows:]

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PROPOSED CHANGES
NEW CONSTRUCTION AND ACQUISITION ACCOUNT

Question. The major GSA proposal in fiscal year 1995, is eliminating the Federal Buildings Fund as the funding mechanism for the construction and acquisition of Federal buildings and creating a new appropriation account called "Construction and Acquisition" for this purpose. The Public Buildings Amendments Act of 1972 (40 USC 490(f)), established the Federal Buildings Fund as the mechanism for funding the construction and acquisition of Federal Buildings. What is the legal basis for seeking appropriations rather than using receipts in the Fund?

Answer. GSA does not intend to change the function of the Federal Buildings Fund (FBF). The purpose of the FBF is to fund real property management and related activities and that function will continue. We also intend to assure that needed renovations are accomplished in a timely manner. In fiscal year 1995, for example, we have requested a major investment of $900 million for major renovations.

GSA is required by law to charge rents which approximate commercial charges for comparable space and services. Charging commercially comparable rents will not always generate sufficient funds to cover the costs of construction and acquisition of federally owned buildings.

In order to ensure adequate funding for needed construction and acquisition, the fiscal year 1995 Budget proposes an appropriation to a separate account to fund construction and acquisition. This will help ensure that limited resources in the Federal Buildings Fund not limit needed construction and acquisition. In the past this has been done through an appropriation to the FBF. We believe there is adequate authority for GSA to receive a separate appropriation for construction and acquisition.

Question. Do you believe that the current law will need to be changed to accommodate your proposal to change construction and acquisition from financing from the Fund to a direct appropriation? If so, what are your plans for submitting the proposal to change the legislation?

Answer. GSA is not proposing to restructure the Federal Buildings Fund. GSA does not believe that current law needs to be amended for Congress to appropriate funds to supplement the FBF to meet capital requirements in excess of FBF revenues.

Question. Since the only authorized way to acquire buildings is through the Federal Buildings Fund, have you discussed this proposed change with the Public Works Committee? (Note to Chairman: Without changing the current law, this direct appropriation is subject to a point of order on the House floor.)

Answer. Yes. Preliminary discussions were held with the House Public Works and Transportation Committee during the week of March 7, 1994, and a formal briefing was presented to the Committee on March 14, 1994.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PROPOSED CHANGES
ACQUISITION OF EXISTING FACILITIES
BUDGETARY SCOREKEEPING CONCERNS

Question. A major change in GSA's emphasis which is proposed in the 1995 budget request, is an almost $1 billion request to convert operating leases to government ownership of the facility. Of course GSA will allow the market to determine the best deal for the government and may not buy the exact same building which it is currently leasing, but the plan is to move away from operating leases to government ownership. This Committee has always been a strong advocate of government ownership of Federal buildings.

The major issue associated with this proposal is the impact it will have on outlays. The Congressionally adopted rules for scoring outlays for this type of acquisition require that the outlays must be scored when cash payments are most likely to be made, usually within the year the Government obligates the funds.

The proposal included in the 1995 budget identifies $999 million in Budget Authority and $65.9 million in outlays. Considering the scoring rules, what is the rationale for such a low (6.6%) outlay figure in 1995?

Answer. The Acquisition of Facilities program proposes that GSA would have the ability to acquire replacement space for expiring leases using any of the acquisition methods available to the private commercial real estate market. GSA proposes to allow market conditions at the time of procurement to determine which specific method of acquisition will be utilized to solve each individual requirement. This creates uncertainty as to what specific housing solution will be employed for any given expiring lease.

The scoring rules are unchanged. GSA will use options and may require facilities to be upgraded to meet Government standards. These tools, among others, will cause outlays to occur over a period of years. GS believes that the outlay stream as presented is a reasonable approximation of what the cash flows will be like. OMB intends to evaluate the outlays associated with this program as part of the mid-session review, as they will with other program outlays.

Question. Additionally, what is the rationale for spreading the outlay impact over the four-year time period which you have proposed?

Answer. GSA anticipates it will take time to start up this new and different program. In some instances we may use options, i.e., obligations and outlays for acquisition would occur sometime later. Contracts for acquisition may be entered into (obligation) with settlement (outlay) in the next fiscal year. GSA believes that minimal financial transactions will be completed in FY 1995 although obligations may be made. GSA anticipates that even if a majority of the facilities are purchased, tenant and/or fire/life safety alterations will be necessary. These alterations are properly chargeable to this activity and whether they are performed by the current owner or GSA, these alterations will cause the outlays to be spread out over time.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

BUDGETARY SCOREKEEPING CONCERNS (CONT.)

Question. If the Congressional Budget Office does not agree with this 6.6% outlay assumption in 1995 and scores the outlays at a substantially higher rate than you have projected, do you have suggestions for reductions which could be taken in other GSA programs to accommodate the increase in outlays?

Answer. If the Congressional Budget Office does not agree with GSA's outlay stream, GSA does not have programmatic latitude in new construction activity or in the Federal Buildings Fund to offer offsetting outlay savings.

PROPOSED CHANGES
ACQUISITION OF EXISTING FACILITIES

Question. The budget justification material includes a list of 23 "candidate" leases which could be replaced with government owned facilities. The GSA position is that this list represents possible leases which would be replaced; the final list will depend on market conditions.

In our conversations and in your letter to me, you assured me that the Appropriations Committees would have to approve any project before funds could be obligated to acquire it. The Appropriations language proposed in the budget does not reflect this agreement. Why have you not included Language such as "subject to the approval of the Committees on Appropriations" in the budget request?

Answer. The absence of this provision from the President's budget does not change GSA's commitment to the committee.

Question. What do you anticipate is the timing of this process and when will you provide Congress with a list of the actual leases to be converted?

Answer. We want to have the initial market survey data to discuss with the committee during the first quarter of FY 1995. It is GSA's intention to report the results of the individual procurement actions to the relevant committees prior to any funds being obligated. The omission of the above language does not change GSA's commitment to report to the committees and seek appropriate approvals prior to the obligation of the funds.

Prospectuses for many of the lease conversion projects (those projects that are part of the Acquisition of Facilities program associated with the $999 million request) will be submitted in the near future. There will be other prospectuses for candidate conversions that will be forwarded to Congress as they become available. Submission of these additional prospectuses will allow sufficient time to obtain authorization for their inclusion in the lease conversion program. However, since market conditions will impact whether or not the leases can be

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

ACQUISITION OF EXISTING FACILITIES (CONT.)

converted to ownership, the actual leases to be converted will not be known until GSA conducts a market analysis, at which time we will share with Congress the markets and lease conversions which will move to the procurement process. Since the real estate market is not likely to respond to any procurement action unless funds are available for obligation, this will occur subsequent to the authorization and appropriation of funds for the Acquisition of Facilities program.

Question. How long do you anticipate it will take you to convert the 1995 list of lease conversions?

Answer. These conversions will proceed over a period of time that will be defined by the expiration dates of the leases that are to be converted. The acquisition program can be tailored to proceed within outlay restraints that may be imposed. It is anticipated that if sufficient funds are not available in a given year, purchase options will be obtained for a future year in order to effect the proposed lease conversion. This is proposed as an ongoing program.

Question. What are your plans for future acquisitions of this type? If there are plans, why are no funds included in the outyear budget numbers?

Answer. It is intended that this acquisition program be continued. As such, it is hoped that subsequent budget requests will include funds for the continuation of the program. However, outyear budget requirements will be developed based on a review and evaluation of the initial results.

Question. What are your plans for ensuring that the commercial facilities which you will purchase meet government safety standards which are higher in some cases than commercial standards?

If renovations will be required to bring these existing facilities up to the government standard, is the cost of these renovations included in the $999 million figure?

Answer. All facilities purchased would be required to satisfy Government safety standards. Terms of the purchase agreement would either mandate the seller to make the required renovations or the Government would perform these renovation. It is likely that most existing facilities available in the real estate market will require some level of renovation. This is also true for facilities that would be leased. All renovation costs are included in the FY 1995 request of $999 million.

Question. What are your plans for using these funds to purchase Resolution Trust Corporation properties?

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

ACQUISITION OF EXISTING FACILITIES (CONT.)

Answer. All Resolution Trust Corporation properties that are compatible with the space requirement for a prospective tenant will be included in the analysis of options. Funds approved under this program will be used to purchase RTC properties if deemed advantageous to the Government.

Question. If the proposal is designed to reduce the amount of leased space, why does the 1995 requirement for the account "Rental of Space" increase? Why do we not see a reduction as a result of this proposal?

Answer. Because transactions will not occur until 1995 or later, the impact of the lease conversion program will not be seen until fiscal year 1996 at the earliest. The increase of $74,070,000 between fiscal year 1994 and 1995 is primarily for the cost of expansion space required in fiscal year 1994 ($84,397,000) and for increases in space rental costs ($39,205,000). These are offset by a decrease for space to be given up in fiscal year 1994 and 1995 ($49,532,000) and a decrease in rent of $207,000,000.

Question. If Congress does not approve this proposal, would there be a funding shortfall in the "Rental of Space" account?

Answer. No. Funds were not reduced in the Rental of Space Account for converting any of the expiring leases to an ownership position. Savings in the Rental of Space account would not occur until tenants move out of the leased space. We anticipate these savings would not appear in the budget until the fiscal year 1996 budget cycle at the earliest given the time that will be required to implement the acquisition of facilities program.

STATUS OF TIME OUT AND REVIEW ACTIONS

Question. A November 5, 1993 General Accounting Office decision stated that the funds associated with projects considered under the GSA's "Time Out and Review" process represented deferral of budget authority pursuant to the Impoundment Control Act of 1974. The Administration then followed established procedures for reporting these deferrals. The procedures established by the 1974 Act require that deferred funds be expended or rescinded by the end of the fiscal year. What are you planning to do to meet this requirement?

Answer. GSA has reported a deferral for all the projects included in Time Out and Review as GAO recommended. As each project has completed Time Out and Review, it has been released from deferral. By the end of March all projects will be released from deferral status.

Question. In some cases the authorizing committees have, by way of committee-passed resolutions, tried to establish funding limitations for projects which are less than what has been

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

STATUS OF TIME OUT AND REVIEW ACTIONS (CONT.)

appropriated in bills which have passed both houses of Congress and have been signed into law by the President. Is there a legal basis for GSA to obligate only those funds cited in resolutions passed by a legislative committee and not the amount appropriated in public laws?

Answer. According to the General Accounting Office (GAO), "appropriations generally constitute budget authority" (*Principles of Federal Appropriations Law*, 2nd Ed., Vol. I., 1992: p. 2-5). In addition, GAO notes that "...there is no general statutory requirement that appropriations be preceded by specific authorizations." (*Ibid.*, p 2-57.) Where appropriations enacted by Congress exceed authorizations enacted by Congress, GAO maintains that the amount of the appropriation generally rules. (*Ibid.*, p. 3-39.) GSA knows of no legal basis for limiting the amount of funds made available for obligation as authorized by an appropriation to an amount less than such appropriation.

Question. This is not the first time this situation has occurred. What is the history of obligating funds which have been appropriated but not included in the resolutions of the authorizing committees?

Answer. GSA has historically drawn a distinction between the obligation of funds for projects added by the Congress through the appropriations process and the obligation of funds for projects included in the President's budget with accompanying prospectuses submitted to the authorizing committees for their approval. In the former instance, we have obligated funds to deliver projects in accordance with the intent of the Congress in appropriating funds. For example, the authorizing committees passed no resolutions regarding the projects added through the appropriations process for the Southwest Border Program. Accordingly, GSA has viewed these projects as fully authorized and funded by statute.

Question. The FY 1994 conference report requires GSA report to the House and Senate Appropriations Committees on the results of the analysis of the projects considered in the "Time Out and Review" process. To meet this requirement, please provide a detailed analysis of the amount identified by GSA as savings in the "Time Out and Review" process. The analysis must address any and all changes which would result in a different facility than the one included in the approved prospectus. Additionally, the analysis should specifically identify changes in inflation rates and the amount associated with these changes.

Answer. We are in the process of preparing a detailed final report and when completed we well provide it for the record.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PROPOSED CHANGES
REVISING THE RENT PAYMENT SYSTEM

Question. Another change reflected in the 1995 Budget, is a reduction in the amount of Rent which GSA charges Federal Agencies. My understanding is that this change has resulted in a $207 million Government-wide savings. How did GSA come up with these revised Rent charges?

Answer. We obtained information on current market rent rates for 27 metropolitan areas with major GSA holdings through commercial firms such as Cushman and Wakefield, and Black's Guide, and in some cases through GSA regional appraisal staffs.

The analysis revealed that in 17 SMSAs, GSA's Rent rates were reduced to more closely approximate commercially comparable charges. As a result, $207 million less will be available for the costs of operating, maintaining and repairing assets in Federal inventory.

Question. What impact has the proposed de-linking of the construction and acquisition requirements from the Federal Buildings Fund had on the rental rates?

Answer. GSA's fiscal year 1995 Rent rates were reduced in 17 SMSAs to more closely approximate comparable commercial charges in those markets. There is no causal relationship between reduction in Rent rates and the requesting of construction and acquisition requirements separate from the Federal Buildings Fund.

Question. If the de-linking is not approved by Congress, would the Rent rates increase?

Answer. No.

Question. We get many complaints from other Appropriations Subcommittees about the level of Rent payments, especially if their agencies are housed in Government-owned facilities. Please explain how the law governing the establishment of Rent rates works, and how these funds are used by GSA.

Answer. GSA is required by law (Title 40, United States Code, Subsection 490 (j)), to charge rates which approximate commercial charges for comparable space and related services provided to the Federal community. Rates are specifically developed for each building through appraisals performed every five years, primarily by professional real estate appraisers. The GSA-controlled buildings (owned and leased) are compared to three similar buildings in the immediate vicinity. This procedure is performed every five years. For each of the four intervening years, the rates are escalated using the local Consumer Price Index (CPI), thus maintaining market comparability. The procedures for setting and escalating rates are identical for Government-

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

REVISING THE RENT PAYMENT SYSTEM (CONT.)

owned and -leased buildings. GSA is initiating a review to ensure a process that permits rents to more closely approximate the market.

The Rent collected from customer agencies is deposited in the Federal Buildings Fund (FBF), which is an intragovernmental revolving fund. GSA uses funds in the FBF only after authorized to do so by Congress through the appropriations process. The FBF is the principal source of funding for the operation, maintenance, protection, and repair of GSA-owned and -leased buildings. The FBF is also used for building improvements, acquisition of space through lease or purchase, and currently for construction.

FTS2000

Question. The FY 1995 budget includes the same provision as was included in last year's bill concerning FTS2000. This provision requires the mandatory use of FTS2000 by Federal agencies unless the GSA reports that FTS2000 is not the most cost-effective way of procuring communication services. Has GSA conducted an analysis of the cost effectiveness of FTS2000 and, if so, what are the results?

Answer. GSA reported to Congress on the cost-effectiveness of the FTS2000 program on March 1, 1993. Based primarily on an independent study conducted under the auspices of the FTS2000 Interagency Management Council (IMC), the report concluded that FTS2000 prices, in aggregate, are at least as good as the best equivalent commercial prices without considering the value of unique Government requirements. When the value of unique Government requirements is factored in, the report concluded that FTS2000 is significantly less expensive than commercial equivalent offerings. As was expected, pricing disparities for those few instances where commercial prices were found to be less expensive were corrected when the Publicly Available Price Cap (PAPCap) mechanism was exercised in April 1993. The quarterly PAPCap analyses conducted from April 1993 to April 1994 will form the basis of the upcoming cost-effectiveness study due to Congress in July 1994.

Question. What would be the impact on the FTS2000 program if mandatory use were eliminated in FY 1995?

Answer. If mandatory use of the FTS2000 contracts were eliminated, there would be no way to perform the Price Redetermination/Service Reallocation (PR/SR) process and Publicly Available Price Cap (PAPCap) agreements could be void. In addition, agencies would be adversely affected by higher costs due to the loss of volume discounts and added procurements costs would be incurred by agencies leaving FTS2000. Ultimately, the result would be increased telecommunications costs to the Federal Government.

The FTS2000 contracts provide for a price redetermination (PR) process during years four and seven of the contracts to control prices. Each contractor competes for up to 40 percent of the

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FTS2000 (CONT.)

other contractor's present business based on a competition of quality and cost. As a result of Year 4 PR, each contractor ended up keeping its present customer base and price reductions will reduce agencies' telecommunications costs by $450 million over the remaining life of the contracts.

Also at years four and seven, the Service Reallocation (SR) process allows GSA to "fine tune" the 60/40 revenue split awarded initially to AT&T and Sprint. As a result of Year 4 SR, a large portion of the Department of Veterans Affairs service was moved from Sprint to AT&T. This "fine tuning" of the contract was based on the projected usage over the life of the contract. Without mandatory use, GSA could not project usage for the contractors to bid on or to reallocate during the SR process.

In addition to the PR/SR process, another of the Government's mechanisms to control prices are Publicly Available Price Cap (PAPCap) agreements. These agreements with both contractors for all FTS2000 services ensure that prices obtained during PR/SR continue to track the market and remain below the best comparable commercial rates.

Under the agreements, quarterly comparisons are made of FTS2000 prices and current lowest comparable commercial prices, and the prices are adjusted accordingly. This allows for quick response to price changes in the volatile telecommunications marketplace.

Since the initial quarterly PAPCap evaluation in April 1993, evaluations have been conducted in July and October 1993. Based on the October 1993 evaluation, FTS2000 rates continued to be below the best comparable commercial rates. Savings resulting from PAPCap evaluations are projected to be $6.5 million annually through the remainder of the FTS2000 contracts.

The existence of mandatory use requirements was a significant factor in the Government's success in obtaining the PAPCap provisions. Elimination of mandatory use legislation and any resultant modification to the corresponding Federal Information Resources Management Regulation could void the current PAPCap agreements since the FTS2000 contractors would no longer be obligated to continue the pricing mechanism.

The actual and potential business volume resulting from mandatory use significantly strengthened the Government's bargaining posture in obtaining the best deals possible when implementing PR/SR and during PAPCap negotiations. Continuation of mandatory use ensures the greatest utilization of the program to obtain maximum cost savings and other efficiencies. This is particularly true if the Government is to achieve the full benefits to be derived from the seventh year PR/SR, current PAPCap agreements, and contract provisions for service enhancements.

FTS2000 prices also depend on usage volumes for the entire network and at each location. Higher volumes mean lower prices. If customers were to leave FTS2000, it could have an adverse impact on those remaining at a location, especially small users due to the loss of volume

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FTS2000 (CONT.)

discounts. There would also be an additional charge when the agency who left the network called an FTS2000 user and vice versa. These long distance calls would be off-net calls and, therefore, would be more expensive. Aggregation of access lines benefits FTS2000 users; this now can be accomplished at an FTS2000 location by the FTS2000 contractors because they serve all agencies.

Finally, if mandatory use were eliminated, additional procurement costs would be incurred by those agencies leaving FTS2000. Procurements take time and are resource-intensive and contractor procurement costs are imbedded in most competitive bids. Any agency leaving FTS2000 would have to competitively procure their service and, therefore, incur these costs. Post-FTS2000 is in the planning stages and would be the appropriate time to look at other approaches and make them available to agencies if cost-effective.

PERFORMANCE REVIEW

Question. The report which accompanies the FY 1994 House-passed Appropriations Bill includes a direction that agencies conduct a review of performance management. Have you conducted a review of the management of GSA to highlight performance measures?

Answer. The General Services Administration (GSA) has completed such an evaluation as part of its overall examination of the Agency, and as a result of National Performance Review initiatives. We have determined that our current measures are inadequate to effectively judge the complete performance of the agency. Accordingly, we are going to develop new standards, generally based on the "best in class," and judge our performance in the future against these standards.

Because we are striving to do better, however, does not mean that performance or workload criteria have been entirely lacking. Since at least the mid-1980s, the agency's major programs have used performance criteria to justify budget requests, assess operations, and highlight areas requiring attention or improvement. Recognizing the importance of tying measurement to planning, the agency began preparing strategic plans in 1989. Once the planning process was institutionalized, performance measurement was officially added as part of the agency performance plan in 1991.

Measures have been included in the agency's 1992 and 1993 Annual Reports containing audited financial statements for the respective fiscal years. It should be noted that both financial statements received unqualified opinions from the internationally-recognized public accounting firm, Arthur Andersen & Co. When the Chief Financial Officers Act of 1990, Public Law 101-576, called for annual audits and the use of performance measurement in agency operations, the agency was already well ahead of the vast majority of the Federal community.

The agency has been accepted as a pilot agency under the Government Performance and Results Act of 1993, Public Law 103-62.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE REVIEW (CONT.)

Question. What are some of the specific measures you have included in the 1995 budget which reflect this review?

Answer. Following is a list, itemized by program area, of specific performance measures from the U.S. General Services Administration fiscal year 1995 budget:

PUBLIC BUILDINGS SERVICE:

Rental of Space:

Office space utilization rate
Ratio of leased to Government-owned space

Repairs & Alterations:

Total workload inventory

Building Operations:

Unit cost per sq. ft. for cleaning, utilities and fuel, maintenance, other building services & protection
Energy consumption (BTUs) of leased vs. Government-owned space

FEDERAL SUPPLY SERVICE:

Recovery of transportation overcharges
Costs per $100 sales for the stock program in supply operations
Stock inventory turnover, ratio of dollar value of stock sales to dollar value
Dollar value of inventory
Overall stock markup to customers
Fleet operating costs per mile
Projected schedules program business volume per FTE
Projected business volumes for the IMPAC (credit card) program
Business volumes for the utilization & donation portions of the Property Management Program
Sales volumes generated by the Travel Management Centers
Number of routes projected for the air/rail city pairs
Cost of small package express contract costs compared to commercial service costs
Moving costs compared to commercial rates

INFORMATION RESOURCES MANAGEMENT SERVICE:

Procurement Dollars delegated to other Federal agencies
IRMS agency reviews completed
Number of Board of Contract Appeals protests analyzed
Average number of days required to process procurement delegation requests

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE REVIEW (CONT.)

Schedules Program sales vs. savings
Reduction of backlog of orders for the Schedules Program
Projected business volumes for (POTS) contracts
Number of lines the Local Telecommunications Services program provides
Local Telecommunications Services average monthly line rate vs. commercial line rate
Federal Information Systems Support Program (FISSP) volume of business
Information Security Management (ISM) program number of service requests
ISM percent of responses that meet goal of 6 hours to restore secure communications
Cost of local telephone service compared to equivalent commercial rates
Purchase of telecommunications equipment and services compared to commercial open market

OFFICE OF FTS2000:

Percent of time contractor meets scheduled service order due date
Number of switched voice service troubles reported per 100,000 calls
Customer satisfaction with handling of troubles reported to the vendor
Reduction of Management Support costs
Cost per minute of FTS2000 switched voice service compared to the commercial equivalent

FEDERAL PROPERTY RESOURCES SERVICE:

Total real property disposals per FTE
Surveys completed vs. goal

EXECUTIVE DIRECTION AND STAFF OPERATIONS:

General Management and Administration:

Board of Contract Appeals: Appeal cases received, closed & pending
Bid protest cases received, closed & pending

Working Capital Fund:

Number of Congressional offices supported
Number of FOIA requests processed
Number of SF 50 personnel actions processed
Pre- and post-award contract reviews for regional acquisition management
Procurement management reviews completed
Financial management discounts earned
Billings and invoices processed
Average number of employees
On-time payments
Interest paid per million disbursed
Percentage of employees paid by electronic funds transfer
Percentage of vendor payments made on time based on number of items
Number of printed units per workyear & sales to FTE comparison

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE REVIEW (CONT.)

Inspector General:
- Management decisions to put funds to better use
- Management decisions to recover funds negotiated and court ordered recoveries and investigative recoveries
- Criminal indictments and convictions
- Contractor suspensions and debarments

Question. In conducting this review, the Committee suggested the use of performance measurement data, especially quality and customer satisfaction information. What data have you been able to develop to measure your performance?

Answer. Although the agency has had customer satisfaction measures in use, we must do more to understand, quantify, and integrate our customers' perceptions into our management improvement efforts and fully implement Executive Order 12862, Setting Customer Service Standards.

A number of customer satisfaction measures are tracked on a regular basis and shown in GSA's Annual Report including the percentage of space requests completed within the schedule agreed to between GSA and the client agency and measures of fill rate, backorders and other statistics related to fulfilling agency orders for supplies. Where GSA provides services on a nonmandatory basis, most notably in the Federal Supply Service, the continued high business volumes are themselves measures of customer satisfaction, since agency customers are not required to come to GSA.

GSA has embarked on an extensive effort to systematically measure customer satisfaction. This will include: 1) Development of a coordinated and consistent method to survey high-level GSA clients so as to understand their requirement and their level of satisfaction with GSA services; 2) Specification of a measurement approach that permits a systematic and coordinated means of listening and responding to client complaints and problems; and 3) Establishment of GSA-wide service goals based on client surveys. The customer survey instrument has been pilot tested with the executives of the Departments of Health and Human Services and Treasury. Results are being analyzed. The next test site will be the Department of Defense.

Question. Is the application of these data reflected in your 1995 budget request?

Answer. Little information is reflected in the 1995 budget request. Although many measures are related to customer satisfaction, such as comparisons to private sector costs, only one directly addresses customer satisfaction as a specific indicator: Office of FTS2000, Customer satisfaction with handling of troubles reported to the vendor.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE REVIEW (CONT.)

As a result of current efforts to develop baseline data on customer satisfaction, more performance measures will be developed in the coming year. The 1996 submission will reflect a more robust set of customer satisfaction measures.

Question. The Committee also suggested that the performance measures should be linked to planning and agency improvement efforts. How have you used these measures to "benchmark" and develop strategic plans for GSA?

Answer. The U.S. General Services Administration has incorporated performance measures into its agencywide strategic plans on an ongoing basis. Specific objectives and methodology are described in individual performance, or tactical, plans developed by each program area. The Administrator of General Services meets regularly with agency top management to ensure that goals are being met and any necessary adjustments are made to maintain the anticipated level of achievement.

The agency is in the process of reassessing all functions and activities to better serve our Federal agency customers and other stakeholders. This has temporarily shifted our focus away from our existing strategic plan as we evaluate options for the future. There will be changes as the review is concluded. We look forward to working with the Committee to refine our plans and develop meaningful performance measures that will help us better guide agency programs.

FLEXIPLACE WORK CENTERS

Question. In the fiscal year 1994 appropriation, the Congress provided $1 million in addition to the $5 million appropriated in 1993, to open four flexiplace work telecommuting centers. What is the status of these four centers?

Answer. The four designated center sites are Shenandoah Valley (Winchester, Virginia); Fredericksburg, Virginia; Hagerstown, Maryland; and Southern Maryland. The Winchester center is open and fully operational with 14 workstations in a downtown pedestrian mall setting. The Fredericksburg center is scheduled to open in mid to late April, 1994. Hagerstown currently has an interim center with five workstations that is open and operational at the Hagerstown Community College. This facility will expand to 10 workstations by April 1994. Another facility is scheduled to open in downtown Hagerstown in July, 1994. The Southern Maryland center is scheduled to open in March, 1994.

Question. There has been some interest in opening one or two similar centers in the Los Angeles area to assist federal agencies in accomplishing their missions without having all the employees on the roads destroyed by the recent earthquake. What are you doing to assist agencies in establishing flexiplace work telecommuting centers in California?

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FLEXIPLACE WORK CENTERS (CONT.)

Answer. The GSA has initiated the following actions in California:

-Established and equipped three telecommuting centers and, based on agency need, planned for additional centers;

-Providing training, evaluation, and other program guidance to Federal agencies and all center participants;

-Addressed the Los Angeles Federal Executive Board to inform them of available facilities and assistance;

-Surveyed all Los Angeles area Federal agencies to determine their post-earthquake needs and interests regarding facilities and telecommuting;

-Initiated meetings with managers at individual agencies to answer questions and encourage participation in the telecommuting program; and

-Top management at GSA is contacting top management at headquarters offices of other agencies to offer assistance and information and encourage participation.

COURTHOUSE CONSTRUCTION

Question. The report which accompanied the House passed FY 1994 appropriations bill, included language requiring GSA to develop a plan for working with the Courts and OMB to review the Courts requirements. What is the status of that plan? Has the Administrative Office of the Courts cooperated with you in establishing such a plan? What is being done to control the appetite of the Judicial Branch for excessiveness?

Answer. GSA has been actively pursuing a course of action to work more effectively to review court requirements.

There are continuing productive high level discussions between GSA and AOC management to work on issues of concern. The recently completed Time Out and Review effort that contains savings of $1.2 billion included the review of 52 court projects with savings of $227 million. GSA staff has participated in partnering workshops with the courts. GSA is pursuing a policy of partnering with the courts in order to more effectively and efficiently carry out court projects. GSA and the courts sponsored the independent courts building program panel. A joint courts and GSA task force is now reviewing the recommendations contained in the December 1993 panel report. This task force will be coming up with agreed upon approaches to implementing the panel's recommendations.

These efforts will have a positive effect in controlling the costs of court projects.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

COURTHOUSE CONSTRUCTION (CONT.)

Question. In your statement, you say that the Administrative Office of the Courts has been working with GSA toward paring construction costs for GSA.

What level of "paring" has taken place and what are the savings associated with the action?

Answer. GSA and the courts have sponsored an independent panel to examine the construction of court facilities. A joint GSA-courts task force is now reviewing the recommendations contained in the panel's December 1993 report. Within the near future we expect to have an agreement on the implementation of the panel's recommendation.

Like all of GSA's clients, the courts have cooperated with us in conducting our "Time Out and Review" process. We have identified approximately $227 million in aggregate savings in all of the courts-related new construction and modernization projects subject to the review. Lessons learned about budgeting, design and value engineering should permit GSA to reduce the average cost per square foot of the Courthouse program. An initial step is a reduction in the benchmarks for each building type by 5 percent and additional value engineering targets of between 5 to 10 percent.

Question. Do GSA, the Administrative Office of the Courts, and OMB have an agreement on standards for Courthouse construction? If yes, what are they and if not, why not?

Answer. GSA and the Judiciary have a basic agreement on courthouse construction standards in the "Standard Level Features and Finishes for the U.S. Courts" agreement which outlines what is included in the funded building. The agreement includes areas such as heating, ventilation, air conditioning, finishes, and other construction items.

However, GSA is not responsible for the functional or operational requirements of the building as defined by the courts. In light of budgetary requirements, the Judiciary has recently initiated another review of the courts' spatial needs for operations.

OMB does not normally participate in development of building standards, however OMB will participate in any review that may result in budgetary impacts.

Question. Has GSA requested the Courts to prioritize courthouse construction projects? If so, what is the response to that request?

Answer. GSA both verbally and in writing has asked the courts to prioritize their projects. For example, GSA wrote the AOC letters on August 31, 1992, and November 19, 1992, requesting the courts prioritize their requirements. In his response to these letters, Ralph Mecham, Director of the AOC, did not provide any prioritization of requirements.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

COURTHOUSE CONSTRUCTION (CONT.)

In addition, the discussion of prioritization of court projects is a continual topic of discussion between GSA and the courts. The report of the Independent Courts Building Program Panel issued in December 1993 recommended the prioritization of courthouse projects. GSA and the AOC have formed a task force to implement the recommendations of the panel; specifically included is a review of a long range planning approach which would serve to identify facilities for which there is the greatest need.

Question. How would you characterize your relationship with the Courts?

Answer. We believe that our relationship with the Courts is becoming more positive and constructive. We are currently working on a number of collaborative efforts to streamline our processes, clarify our standards, and improve our communications. The scope of our combined efforts are illustrated by the success of the Fall 1993, GSA/AOC sponsored "Partnering" seminar which brought together GSA and Judiciary personnel from all over the country to discuss issues of mutual concern. In addition, an Independent "Blue Ribbon" private industry study panel appointed by GSA and the AOC studied the delivery issues and processes related to Court projects, and presented for implementation or additional study by GSA and the Courts. Joint ongoing efforts are now underway to act upon the suggestions, recommendations and issues raised in the Fall seminar and presented by the independent "Blue Ribbon" panel.

We plan to make such collaborative efforts a regular part of our business relationship in order to ensure a continual improvement in the delivery of space and facilities to the Courts.

Question. Do you believe that the Administration, within budget constraints, adequately complied with the construction requests made by the Administrative Office of the Courts?

Answer. Yes, we do believe the Administration is adequately meeting the Courts space requests within budget constraints. The fiscal year 1995 budget requests funding for courthouse projects in Tucson, Santa Ana, Orlando, Savannah, Lafayette, Kansas City, St. Louis, Cleveland, Erie, Brownsville, and Laredo. This high level of court related activity is a continuation of the heavy court facilities emphasis that has existed in recent GSA budget requests and appropriations. For example, fiscal year 1994 appropriations provided funding for court projects in Montgomery, Little Rock, Phoenix, Sacramento, Santa Ana, Jacksonville, Tampa, Augusta, Hammond, Boston, Cape Giradeau, Kansas City, St. Louis, Omaha, Newark, Brooklyn, Youngstown, Portland, Scranton, Laredo, Wheeling, and San Diego.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PROPOSED CHANGES
ACQUISITION OF EXISTING FACILITIES
IMPACT OF PROPOSAL ON LOCAL TAX BASE

Question. When the Government leases a facility from a commercial owner, the owner is required to pay certain Federal, state, and possibly local taxes. When the Government owns a building, it pays no taxes on it. What will be the impact on the local tax base if these buildings are converted to Government ownership and removed from the tax rolls?

Answer. We recognize that there will be some effect on the local community with regard to the removal of certain buildings from the local tax rolls. As a result, GSA will evaluate on a case by case basis any proposed conversion from leased to Government ownership to determine the community impact of this type of conversion. With regard to this type of conversion, it is GSA's intent to analyze key factors such as the impact of a reduction to the local tax rolls and community impact in order to promote the best solution for the Federal government and the affected local communities.

Question. The candidate list included in your budget justification material, includes 10 Washington, DC leases which could be converted to Government owned space. What would be the impact on Washington, DC tax income if these leases were converted to Government ownership and removed from the District's tax base?

Answer. Again, GSA will evaluate on a case by case basis any proposed conversion from leased to Government ownership to determine the community impact of this type of conversion. With regard to the conversion from leased space to an ownership position, it is GSA's intent to analyze key factors such as the impact of a reduction to the local tax rolls and community impact in order to promote the best solution for the Federal government and the District of Columbia.

Question. FOR THE RECORD. Please provide to the committee an estimate of the Federal, state, and local taxes paid by the current lease holder for each of the candidate leases included in the FY 1995 budget request.

Answer. GSA recognizes that there may be some amount of impact on the local communities which have lease conversion candidates listed in the 1995 budget request as a result of the potential removal of these buildings from the local tax rolls. However, GSA will take into consideration several factors including the potential reduction in local tax rolls before deciding the appropriate course of action.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PROPOSED CHANGES
COMBINING ALL FEDERAL PROPERTY MANAGEMENT

Question. In your statement you mention the GSA initiative to enhance Federal Real Property Management. Does this initiative include the combining of all Federal Property Management into one account?

Answer. At this time, it is too early to tell if changes will be required or desired in GSA's external budget. We expect that our research and reinvention efforts will have significantly progressed by July of this year in order to develop our proposal for the FY 1996 President's Budget.

Question. What goals are you hoping to accomplish with the combining of the Federal Property Management?

Answer. At the present time, GSA's real property activities are performed in two separate Bureaus or Services. The Public Buildings Service plans, acquires, constructs and operates general purpose space for Federal agencies. The Federal Property Resources Service surveys to identify property not fully utilized, transfers excess property from one Federal agency to another, and disposes of surplus property by sale, lease, exchange and donation for public purposes. Both services combine both regulatory and service responsibilities in the day-to-day activities of their employees. OMB and GAO have often recommended that GSA improve its focus on real property policy and leadership. Congressional members and customer agencies have clamored for better service provision. In order to reconcile these issues, we are considering a realignment of our real property activities along a policy/regulatory organization and a service organization. We believe such an alignment may enhance our performance in the Governmentwide Policy area, allow some synergy in the service area by combining similar professional activities, and remove confusion for our customers and employees.

Question. What are your plans for combining the Federal Property Resources Service with the Federal Buildings Fund activities?

Answer. We have established a full-time task force to study and make recommendations on this matter. Their work is not yet complete; we expect to consider their recommendation in the April timeframe and can give you more details at that time. Initial considerations involve the establishment of a new organization which will combine the Governmentwide policy, regulatory, information management, and leadership roles of both PBS and FPRS. This organization would work in collaboration with a "Planning Board" made of public and private sector executives who would develop and recommend principles, policies, and practices to apply to the management of real property throughout the Federal government. The support service activities of PBS and FPRS would be deployed in a number of business lines similar to what we have found in other innovative governments and in the private sector. However, the details are still in development and I cannot be more specific at this time.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

COMBINING ALL FEDERAL PROPERTY MANAGEMENT (CONT.)

Question. In the report accompanying the House passed appropriations bill, the Committee directed GSA to conduct a demonstration study on the management of Federal government real estate in the New England region. What is the status of this study?

Answer. The statistical information has been collected and recently made available to the Committee.

FULLY-REIMBURSABLE FEDERAL SUPPLY SERVICE

Question. I am very concerned about the perception that Federal agencies are paying more for supplies and services purchased from the Federal Supply Service than they would pay private sector companies. How do you respond to this perception; are GSA's prices higher? If so, what factors contribute to this disparity?

Answer. For comparable supplies and services, Federal Supply Service prices are lower than commercial sources. To ensure our prices are lower, as well as monitor private sector competition for our major business lines, the Federal Supply Service currently conducts market basket price comparison surveys. In recent studies, stock program prices for general operating supplies, compared to discount supply catalog retailers, are approximately 20 percent lower, on average. For office supplies, retail prices, with telephone ordering and quick delivery, are generally 20 percent lower than discount catalog retailers. GSA prices for automobiles and trucks are consistently lower than dealer invoice prices.

In the Federal Supply Schedules program, Federal Supply Service contracting officers are required, by regulation, to seek equivalent or better prices than offered to any customer. Prices obtained by the Travel Management Program for airline tickets average 50 percent off regular commercial fares. We estimate that Federal Supply Service's management of Federal fleets shows a 25 percent overall savings versus similar services from the private sector.

There have been and will continue to be occasions when a private sector company sells a comparable item at a lower price. While these occasions do not add up to savings overall, human nature tends to remember the special case and not to consider the much more frequent, routine occasions when the Federal Supply Service price is lower. A second factor is that customers often do not use comparable items for price comparisons. Finally, customers usually do not consider their own internal costs when purchasing from the open market. Purchasing from the Federal Supply Service is much less expensive than an agency buying on the open market because most of the procurement work has already been done for them, and we provide several easy to use, automated ordering channels.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FULLY-REIMBURSABLE FEDERAL SUPPLY SERVICE (CONT.)

Question. There remains a request for appropriated funds to support the Federal Supply Service. What would be the effect of not appropriating funds?

Answer. As a result of last year's direction from the Committee, FSS has developed preliminary plans to reimbursably fund the Schedules Program and the service portions of our travel and transportation activities by applying user fees or vendor discounts. Simultaneously, these programs would be made non-mandatory giving customer agencies a choice between FSS and the private sector. Although the Schedules and the Travel Management Centers in the travel and transportation activities can be funded reimbursably, converting the funding would require a three-year phased approach to coincide with existing contracts' terms. Additionally, we do not have the resources to renegotiate all contracts immediately.

Reimbursably funding the donation function would require a change to the Federal Property and Administrative Services Act of 1949 in Section 203(j)(1), which requires transfer without cost, except for the costs of care and handling. Converting the utilization function to reimbursable funding conflicts with making reimbursable programs non-mandatory. The program should remain mandatory, since agencies would be placed in a conflict of interest posture with respect to the excess sales program. Additionally, it is anticipated that applying a fee, no matter how nominal, to any transfer would be extremely unpopular with both the receiving Federal agencies and State surplus property agencies.

If appropriated funding is not available for the utilization/donation functions and our policy and regulatory functions in travel, transportation, aircraft management, and mail management (functions which are not service or product related), FSS, with appropriate communication, would have to undertake a major review to determine whether to continue these functions and at what level and what method we could apply to fund them.

Question. Why must the Federal Supply Service receive any appropriated funds, why can it not be a fully-reimbursable activity?

Answer. FSS could reimbursably fund all of its current appropriated activities, however, as indicated above in the answer to the second question, there are those activities such as program oversight and policy that are not appropriate for reimbursable funding. As with reimbursable supply operations and fleet management activities, we do not cross-subsidize any programs so that we are able to maintain cost and pricing integrity.

Question. Does legislation require a level of appropriated funds or prohibit the implementation of a fully-reimbursable Federal Supply Service?

Answer. The report language for Industrial Funding which was authorized on December 22, 1987, specified that only supply operations activities (stock, customer supply centers, stock

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FULLY-REIMBURSABLE FEDERAL SUPPLY SERVICE (CONT.)

direct delivery, and special orders) would be covered by the legislation. Specifically omitted were the FSS Schedules program, personal property program, and the travel and transportation management programs. As a result, appropriations have been provided to fund those programs. However, we believe the actual statutory language that provides industrial funding authority is broad enough to include the current appropriated activities, with the approval of the Committee although some portions, as previously discussed, would require subsidization by other programs.

Question. Last year Congress addressed the issue of reimbursement for transportation audits which GSA conducts as a service to other agencies. What is the status of this reimbursement proposal?

Answer. The Treasury, Postal Service, and General Government Appropriations Act, 1994, Pub. Law 103-123, section 620A, provides for all GSA transportation audit and audit-related expenses to be funded from collection of overpayments by carriers. Previously, Pub. Law 99-627 provided that only payments to GSA post payment audit contractors and contract administration costs could be funded through these collections, under a 40 percent limitation.

Beginning in FY 1994, the Office of Transportation Audits will now fund all costs from the receipts collected. Program costs such as program direction, claims adjudication, regulatory, prepayment audit, personnel costs, facilities, travel and transportation, collections from bankrupt carriers, and the tender and tariff library will be funded from receipts collected.

GSA will continue to provide annually a report of receipts, disbursements, and transfers to miscellaneous receipts to the Department of the Treasury, as provided by section 620A.

GSA has developed proposed legislation which would 1) require all agencies to verify transportation charges through prepayment audit or other means prior to payment, and 2) discontinue post payment audit of transportation bills except for those performed as a result of disputes, claims, erroneous payments, and quality control type sampling performed by GSA.

As agencies begin to verify transportation charges through the use of a GSA prepayment audit contractor, their in-house auditors, or through other means, overcharges identified by post payment contract auditors should decline.

Funding of the program through receipts should not have a severe impact on program operations. As receipts decline, a proportionate reduction in staffing through attrition, early-outs, and reduced space and ADP costs should offset funds required for program operation.

Question. I know you have explained these programs to us in the past, but we have a few new members here, so I would ask that you again explain the difference between the FSS Stock program and the Federal Supply Schedules Program. Are each of these reimbursable programs?

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FULLY-REIMBURSABLE FEDERAL SUPPLY SERVICE (CONT.)

Answer. FSS Stock Program. Federal Supply Service (FSS) stocks a wide range of items in a nationwide network of Distribution Centers. These items are listed in the GSA Supply Catalog. Customers may obtain items from stock by submitting standardized requisitions or, for faster and easier ordering, by direct electronic entry of requisitions into FSS. Requisitions for large quantities of any stocked item and for any quantity of some bulky stocked items can be filled by direct shipment from the vendor to the customer. The prices of stock items are set to recover the cost of goods as well as all FSS costs incurred in supplying those items to the customer. The prices of stock items that are shipped directly to the customer from the vendor are discounted to reflect the fact that associated distribution costs have not been incurred by FSS. The FSS Stock Program is a fully reimbursable program.

Federal Supply Schedules Program. Under the Federal Supply Schedules Program, FSS enters into requirements contracts with commercial firms to provide supplies and services at stated prices for a given period of time. Agencies place orders directly with the schedule contractor and deliveries are made directly to the customer. Schedules are listed in the Federal Supply Schedule Program Guide, which also includes detailed instructions for ordering and documenting purchases. The price of schedule items reflects the cost of goods from the contractor. Payment is made to the contractor by the customer. The schedules program is funded through appropriation; it is not a reimbursable program.

INTERNATIONAL CULTURE AND TRADE CENTER BUILDING

Question. As you know, there has been considerable debate over the construction of the ICTC building in Washington, D.C. Is this a lease-purchase construction project?

Answer. Yes. Funding is provided through the Federal Financing Bank.

Question. What is the estimated total cost of this facility (site, design, and construction); how much has been spent to date?

Answer. The total estimated cost is $656 million. Approximately $400 million in contract value has been awarded to date.

Question. How does this cost compare to other Federal building construction?

Answer. The cost of the building is not readily comparable to other Federal building construction due to the unique requirements of the building. Requirements include the following:

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

INTERNATIONAL CULTURE AND TRADE CENTER BUILDING (CONT.)

- The building must be compatible with the design and materials of existing Federal Triangle Buildings completed in the 1930's.

- The foundation systems are complex in order to accommodate the high water table and to protect the existing adjacent historic structures.

- The interior spaces are designed to accommodate a greater public presence than other Federal buildings due to location on the nation's main street (Pennsylvania Avenue) and to accommodate a trade center.

Question. What is the size of this building and what is the cost per square foot; how does this compare to other lease-purchase buildings (e.g. National Archives)?

Answer. The building area is approximately 3.1 million gross square feet including 2200 parking spaces. The cost per square foot of the building is approximately $212 per gross square foot. As indicated above, this building is not readily comparable to other lease-purchase buildings.

Question. Which agencies and organizations will be tenants of the ICTC Building?

Answer. As indicated in the housing plan submitted to the House Committee on Public Works and Transportation, the tenants for the federal office portion of the Federal Triangle Building will be the Agency for International Development, the U.S. Customs Service, and the Environmental Protection Agency.

Question. Will rent rates reflect the uniqueness of the facility?

Answer. Rent rates for federal tenants will, in conformance with established GSA policy, be based upon an appraisal of the building in comparison with other buildings in the market area. Unique features of the building, such as location, proximity to transportation, etc., will influence the developed rate.

Question. How will rent rates be developed for non-federal government agencies and how will these rates be collected?

Answer. Rent rates for non-federal tenants will be based on comparable space in the market. Rents for this space will be paid to GSA.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PROPOSED CHANGES
ACQUISITION OF EXISTING FACILITIES

Question. As we discussed with the Administrator, a major change proposed in the FY 1995 budget is the establishment of a new account to finance the acquisition and construction of new Federal buildings. The most controversial aspect of this proposal is the almost $1 billion request to convert operating leases to government owned facilities. By what process will Public Buildings Service identify sites for acquisition?

Answer. The sites (facilities) for acquisition will be identified by market surveys carried out in the communities. Requests for Expressions of Interest will be used as the basic tool to identify these sites. This preliminary information will be used to establish asset management and cost savings goals. Timing of proposed purchases will be based on estimated costs for the possible purchase of the facilities.

Question. Will this process follow established procurement procedures such as Requests for Proposal (RFP) announcements in the Federal Register and open competition? What is your response to concerns that competition for these proposals will be biased toward the current leased facilities and that the lease holders of those buildings will receive preferential treatment?

Answer. Yes. The process will follow the established procurement procedures. The lease conversion process will adhere to the competitive guidelines that all space procurement actions now follow. The full and open procurement process will be followed. As such the current lessor will have no greater competitive advantage than presently exists were a procurement for a replacement lease to be effected. Further, it should not be presumed that the current lessor would be amenable to the sale of the facility to the Government.

Question. What do you anticipate will be the timing of this process from the time an RFP is released to the time of contract award?

Answer. It is anticipated that the procurement process will take 6 - 9 months, depending on the type of procurement.

Question. How long do you anticipate it will take you to convert the 1995 list of lease conversions?

Answer. These conversions will proceed over a period of time that will be defined by the expiration dates of the leases that are to be converted. The acquisition program can be tailored to proceed within outlay constraints that may be imposed. It is anticipated that if sufficient funds are not available in a given year, purchase options will be obtained for a future year in order to effect the proposed lease conversion. This is proposed as an ongoing program.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

ACQUISITION OF EXISTING FACILITIES (CONT.)

Question. Will your analysis include costs associated with bringing commercial facilities up to government safety standards? Are the costs of the possible renovations included in the FY 1995 request of $999 million?

Answer. It is likely that most existing facilities available in the real estate market will require some level of renovation. For evaluation purposes, the renovation costs will be treated as part of the purchase price. The costs of the possible renovations are included in the FY 1995 request of $999 million.

STATUS OF TIME OUT AND REVIEW ACTIONS

Question. During your Time Out and Review process, GSA has identified savings which you hope to achieve during the construction of these facilities. What is the basis for the majority of these savings, scope changes or inflation rate changes?

Answer. Although scope changes are responsible for a significant portion of the savings identified through the "Time Out and Review" process, the majority of savings are anticipated to be achieved through the aggressive implementation of value engineering procedures during project design and/or construction. Also more significant than scope changes are savings attributable to revisions in construction budget estimates, resulting from lower estimated unit costs of construction and/or increased building efficiency. Savings attributable to lower rates of inflation would be a component of the revised construction budget estimates.

Question. Does PBS plan to keep these savings in the Federal Buildings Fund or do you plan to have OMB submit these savings for rescission?

Answer. Many of these savings are projected and the construction contracts are yet to be awarded. While we expect to be able to accomplish these savings, we will hold on to the funds until the projects are completed. When projects require additional funds we will ask for Committee approval to transfer funds from savings, as we have routinely done.

Question. Have you given consideration to the impact of cost overruns or other unforeseen actions causing the need for additional funds for these listed projects?

Answer. It is GSA's intention to realize the project savings that have been identified through "Time Out and Review". However, we recognize that circumstances encountered during project execution may reduce anticipated savings or even, in some instances, result in cost overruns. The Congress has authorized and appropriated funds for the purpose of delivering projects to meet identified Federal requirements. Therefore, we will ensure that timely project delivery

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

STATUS OF TIME OUT AND REVIEW ACTIONS (CONT.)

remains the primary focus of our program and retain sufficient savings to meet unanticipated increases in project costs.

Question. If these things should happen and the savings have been rescinded, how would you meet these requirements?

Answer. Any cost overruns or other unforeseen actions causing a need for additions in projects where savings may have been rescinded would be met by escalating the project using savings from another substantially complete project or through a reprogramming request to the Congress. In either case, GSA is required to identify the source of funding.

PERFORMANCE MEASUREMENT

Question. In reviewing your budget justification material, I became concerned that the items included for your workload and performance measurement tables were not explanatory and reflected more what PBS does than how it measures its performance. What are you doing to develop more performance oriented measurement tools?

Answer. In order to measure results, appropriate standards must be set. These standards should be those that can be identified as "best in class" for any particular activity. We are surveying the standards that public and private organizations use and plan to use them in developing standards we want our program to be measured against.

Question. When will we see these new performance measurement tools reflected in the budget request?

Answer. These measures will be reflected in the fiscal year 1996 budget request.

Question. What data do you currently collect to determine your ability to provide quality services to your customers in an efficient manner?

Answer. At this time, numerous indicators are monitored to ensure that this goal is met. Customer satisfaction surveys are administered annually to both end users (using the International Facilities Management Associated survey) and to PBS' administrative client contacts. In addition, transactional surveys are used to measure client satisfaction at the delivery point of many PBS processes, including new space assignments, and alterations.

Efficiency and effectiveness of our ability to deliver quality services are measured at various levels of the organization, and range from tracking timeliness of the space delivery process,

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE MEASUREMENT (CONT.)

building outages and system failures, to the percentage of alteration projects completed on schedule. This data is gathered at the service delivery level and is monitored at a regional level through comparisons to performance on customer satisfaction surveys.

Question. In the report which accompanied the House passed version of the 1994 appropriations bill, the Committee suggested that performance measures should be linked to planning and agency improvement efforts. How have you used these measures to "benchmark" and develop strategic plans for PBS?

Answer. Once again, we are studying private and public sector counterparts to determine how they monitor success. We intend to learn from them and develop standards generally acknowledged to be the "best in class." While we have not completed our study; we do expect the benchmarks to address time, cost, quality, etc. We are also using customer surveys to establish some benchmarks.

REMOVAL OF DEPARTMENT OF AGRICULTURE HEADQUARTERS FROM THE FBF

Question. A change reflected in the FY 1995 Budget is to the building delegation program, moving funding responsibility out of GSA and to the agencies. This action was proposed by this Committee as a means of increasing the efficiency of this program. Please explain how the delegation program will work under the 1995 proposal and how that differs from the current program. Do you believe that this will increase the efficiency of the delegation program?

Answer. Based on the Committee report, our budget request deletes funding for delegated buildings from the FY 1995 budget for the Federal Buildings Fund (FBF). Agencies will pay Rent to GSA reduced by the amount of the delegated funds removed from the FBF. The funds retained by the agencies will be used to operate and maintain the delegated buildings. Obligations for operations will be recorded against the Rent account in each agency's appropriation.

Under the current procedure, agencies pay full Rent to GSA for delegated buildings, and GSA transfers operating funds to allocation accounts established for each agency. Agencies record obligations against the allocation accounts, and report to GSA at the end of the year. GSA records and reports these obligations under the FBF.

We have included a proposed general provision in Title VI of the FY 1995 appropriations, to authorize delegated agencies to use these funds for operation, maintenance, and repair of delegated buildings.

Under this new procedure, delegatees will be using agency appropriated funds and, therefore, will not be required to report obligations to GSA. Since GSA will not have to wait for

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

REMOVAL OF DEPARTMENT OF AGRICULTURE HEADQUARTERS FROM THE FBF (CONT.)

obligational reports from delegated agencies, FBF year-end obligations will be provided in a timely manner.

Question. Another aspect of this delegation program has been the removal of the Department of Agriculture Headquarters Building from the Federal Buildings Fund. This is troublesome because it violates at least the intent of the Public Buildings Act which states that GSA shall be the Government building manager. Please explain this action and the effect it will have on the Federal Buildings Fund.

Answer. Since revenue and costs associated with USDA headquarters have been removed from the Fund, this action will have no impact on GSA's new obligational authority or outlays. If the Headquarters facility remained in the GSA inventory, the Rent bill in FY 1995 would be $46.9 million. A reduction of $15.5 million would be authorized to cover the cost of operation and maintenance of this facility. The transfer will, therefore, result in a net loss to the Federal Buildings Fund of $31.4 million in FY 1995. However, GSA will no longer be responsible for modernization of that facility.

Question. Is it your plan to not charge Agriculture the fair market value of the building although it is an asset of the Federal Buildings Fund? What is the fair market value of this building?

Answer. We would have charged $46.9 million in Rent which should represent market based rates. We have not determined the fair market value of the facility.

Question. Does this proposal set a precedent and are you anticipating removing other assets from the Federal Buildings Fund?

Answer. The proposal does not set a precedent. We do not anticipate removing any assets from the Federal Buildings Fund. We do expect to gain further information on the ability of agencies to run their own facilities in terms of operations, and repairs and alterations.

Question. Does this action violate the Public Buildings Act as amended?

Answer. No.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

MAJOR REPAIR AND ALTERATION PROJECTS

Question. In general, there has been a concern that GSA has not provided adequate funds and focus in the Repair and Alteration program so that some Government buildings are now in need of major repair projects. What are you doing to meet the apparently growing list of Repair and Alteration needs?

Answer. Prior to the late 1980's there had been limited resources available to reinvest in and modernize the aging inventory of Government buildings. Repairs to ensure the continuity of building operations and to prevent damage were accomplished. However, overall building reinvestments to upgrade interior finishes and spaces, to replace mechanical and electrical equipment, and to install appropriate safety systems were not accomplished. A building's useful life is extended to that of a new building through a modernization reinvestment. These type projects were not being identified and funded due to resource limitations.

GSA recognized the need to reinvest in its building inventory if it was to provide the appropriate space and support services to meet tenant agency mission requirements. Most Federal buildings are retained for long term utilization; therefore, on a recurring cycle they must be modernized to continue to provide efficient and cost effective space and operations. GSA has committed to a reinvestment program and has devoted additional funds to this effort since the late 1980's. The program funding has increased from $225 million in 1986 to $524 million in 1994. The pending 1995 budget request seeks an increase up to $710 million for the construction portion of the program. This level of investment will increase as additional overall building modernization's of our large buildings are planned.

Question. What is the estimated value of your backlog of repair projects?

Answer. GSA defines repairs as actions to correct malfunctions and to restore systems and finishes to an operational status. They do not include improvements or enhancements. Our policy is that repairs must be completed and not deferred because they protect the building from further deterioration and damage and are not to be delayed. Therefore, we do not have a backlog of repairs, but there is a significant resource requirement for reinvestments and overall modernization projects. We have developed a preliminary estimate to modernize our inventory based on the cost to replace the amounts and types of space and then establishing an acceptable level for reinvesting in each property. This modernization estimate, calculated in 1996 dollars, is $14.5 billion over a 20-year period. In addition, on-going repairs over this same period is $9.6 billion.

Question. The budget includes $172 million for "special programs." What is your plan for the expenditure of these funds?

Answer. Special programs are those which have been developed in response to public laws and regulations promulgated to address specified goals and objectives. These programs include

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

MAJOR REPAIR AND ALTERATION PROJECTS (CONT.)

handicapped accessibility, historic preservation, energy conservation, environmental protection, and seismic strengthening.

The 1995 budget request includes work in all of these programs. The largest component of this request is $100 million for the replacement and retrofit of air-conditioning chillers which use chlorofluorocarbon refrigerants so that they can use materials which are not harmful to the environment and in particular the ozone layer.

The second largest portion of the request is for $44 million to retrofit existing and install new energy conserving equipment materials and equipment so that we can achieve the energy consumption reduction goals established for 1995 and 2000. We are required to reduce our energy consumption by 10 percent from our 1985 levels by the year 1995 and then an additional 10 percent by the year 2000.

The remaining portions of the requests are to provide handicapped accessibility improvements such as entrance ramps, doors, and restrooms; restore and preserve historic items in our buildings, and to improve the buildings' structural resistance to the seismic forces from earthquakes.

Question. What is the budget request for energy enhancements and what portion of this request is for the phosphoric acid fuel cell project?

Answer. The budget request for energy conserving projects is $44 million to retrofit existing and install new equipment and materials to reduce the amount of energy consumed. This request includes no specific funds for the phosphoric acid fuel cell project.

DAMAGE DONE BY RECENT EARTHQUAKE

Question. What is the level of damage that was done to Federal buildings during the recent California earthquake?

Answer. The properties under control of the General Services Administration sustained varying levels of damage from the recent earthquake. On an overall basis, GSA's buildings reacted very well to the seismic forces. Buildings were back in operation within a short period of time, typically a few days at the most. The damage was to ceiling tiles, lights, roofing, windows, doors, air-conditioning and electrical equipment.

Our costs for cleanup activities, repairs and alterations to correct damaged interior finishes and operating equipment, and to conduct engineering safety inspections and prepare repair specifications are approximately $5.2 million. The costs are $600,000 for cleanup, $4,200,000 for the repairs and alterations, and $400,000 for engineering services.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

DAMAGE DONE BY RECENT EARTHQUAKE (CONT.)

Question. Has the earthquake caused you to reflect on the seismic upgrades necessary for buildings in earthquake-prone areas?

Answer. After any seismic event or other natural event such as floods and hurricanes, we evaluate any damage sustained in relation to our technical guidance and engineering criteria. We have an active seismic program which is applied to any new buildings which we construct or acquire and to retrofitting existing buildings to increase their ability to withstand the forces generated by earthquakes. Buildings which do not meet current structural requirements are evaluated on their potential risks and appropriate repairs and alterations are scheduled and accomplished to correct the deficiencies identified.

Our program includes completing engineering studies of buildings for seismic resistance and funding projects to complete necessary improvements. Seismic alterations are accomplished as either a part of a building-wide modernization as a long term reinvestment strategy or as stand alone work to address specific items requiring strengthening.

Question. What would be the cost of adequately upgrading the buildings to lessen the damage done by earthquakes?

Answer. An estimate to upgrade buildings for seismic resistance to lessen earthquake damage has not been prepared for the entire GSA inventory. The level of investment for these improvements would vary by building type, age, and method of construction as well as the seismic zone in which each one is located. The Repair and Alteration program evaluates the total reinvestment need in each building. Engineering inspections are used to identify improvements for seismic and other infrastructure needs so that the buildings which are retained for long term utilization are upgraded to protect the taxpayers investment in the properties and to serve the missions of the tenants. All work identified has budget costs developed so that management can decide upon the most cost effective alternative to meeting the housing requirements of tenant agencies. Therefore, a separate estimate just for seismic work has not been developed. Decisions are made on the total cost necessary to maintain the existing buildings in the inventory.

The General Accounting Office in a report issued in May 1992, suggested that a preliminary estimate for seismic improvements in buildings controlled by four Federal agencies would be about $2 billion. This estimate did not include any costs from temporary relocation of tenants during the alteration.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

RENOVATION OF HISTORIC GENERAL POST OFFICE BUILDING (DC)

Question. The report which accompanied the House passed 1994 appropriation bill, included a direction to develop a plan for the renovation of the historic General Post Office Building in Washington, DC. What is the status of this plan?

Answer. The plan should be completed by April 1, 1994.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN SABO

FEDERAL FACILITIES CONSTRUCTION AND ACQUISITION ACCOUNT

Question. Is the $1.4 billion for Acquisition and Construction, the total amount GSA will need for federal facilities over the next five years (FY95-99)?

Answer. No. The budget request includes only FY 1995 projects. The requested $400 million is necessary to execute those projects identified in the FY 1995 Construction program. It should be noted that the $999 million for the Acquisition of Facilities program is not sufficient to convert all 23 leases, and any subsequent candidates that may be identified, to Government ownership. The requirement for Courthouses, special purpose space and lease conversions to ownership will continue for the next 5 years and beyond.

Question. Of the $1.4 billion, $1 billion is for acquisition. Does this mean that in FY95 you will acquire buildings that already exist? Or will you acquire some in FY96 through FY99?

Answer. Yes, however, these conversions will proceed over a period of time that will be defined by the expiration dates of the leases that are to be converted, and the structure and substance of marketplace solutions. The acquisition program can be tailored to proceed within outlay restraints that may be imposed. It is anticipated that if sufficient funds are not available in a given year, purchase options will be obtained for a future year in order to effect the proposed lease conversion. This is proposed as an ongoing program.

Question. If all buildings will be acquired in FY 1995, given scorekeeping rules used by OMB and CBO, why does GSA show acquisition outlays in later years?

Answer: Not all buildings will be acquired in FY 1995. The program will take time to get underway and the actual outlays will occur based on how the deals are structured to meet our lease termination dates, and acceptability of building standards which may require some modernization, and exercising of options. The outlay stream shown for this program is GSA's best estimate of what will happen with this program. The outlays are based on an assumption that given the best economic decision, we anticipate the outlays will represent the amounts shown since the costs will not be outlayed in a single year.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

ACQUISITION OF FACILITIES

Question. The President's budget request includes a new appropriation for $999 million for the conversion of leased space to Federal ownership. Your testimony claims this "solution would result in almost $2.5 billion in savings." How are these savings achieved? Over what period of time? Provide a breakdown of savings, by year, including a complete description of the assumptions used to determine these savings.

Answer. This estimate is based on a comparison of leasing costs versus ownership costs, over a 30 year period, for the space requirements that could be satisfied by the expenditure of the $999 million. It is assumed that the purchase cost of a building is roughly equivalent to the cost of Government construction plus the cost of land. It is also assumed that space can be leased at an average rental rate of $23.50 net of taxes and utilities. The projected financial savings plus the residual value of the owned properties equals approximately $2.5 billion. The savings on a year by year basis will depend on the time and number of conversions undertaken. The $2.5 billion is based on the assumption that all leases would be converted in the initial year of the acquisition program.

Question. The President's budget identifies 23 candidates for the acquisition of facilities. Is this the total pool of candidates available for 1995? Please provide a list of all possible candidates, including lease expiration dates, by facility.

Answer. This list represents some possible leases which would be converted. The final list will depend on market conditions, and will not necessarily include all 23. Further, the list of 23 is not all inclusive. Additional requirements may be identified for inclusion in the acquisition program; thus the list of 23 is not the total pool of candidates available for 1995. Prospectuses will be submitted for each project identified for inclusion in the program. Following is the list of 23 candidates with lease expiration dates:

LEASE EXPIRATION DATES - ACQUISITION CANDIDATES

PROJECT NAME	CITY	STATE	EXPIRATION DATE
EPA	San Francisco	CA	10/27/94
IRS	San Jose	CA	08/13/94
1620 L Street	Washington	DC	04/29/96
DOJ/CRM	Washington	DC	08/31/96
Judiciary Ctr	Washington	DC	05/31/96

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

LEASE EXPIRATION DATES - ACQUISITION CANDIDATES (CONT.)

PROJECT NAME	CITY	STATE	EXPIRATION DATE
Todd Bldg	Washington	DC	07/14/96
EEOC	Washington	DC	07/31/98
FCC	Washington	DC	11/11/96
FEC	Washington	DC	11/30/95
ITC	Washington	DC	06/10/97
Mult Agencies - Reporters	Washington	DC	11/30/95
Mult Agencies - U Ctr P	Washington	DC	09/03/94
INS	Miami	FL	04/21/03
Mult Agencies	Boston	MA	10/31/95
Mult Agencies	Newark	NJ	04/01/95
FDA	Brooklyn	NY	Gov't. Owned
FAA	Metro NY City	NY	Various
Mult Agencies	Philadelphia	PA	Various
US Attorneys	Philadelphia	PA	11/30/95
Mult Agencies	Dallas	TX	02/28/94
Berkley Bldg	Arlington	VA	06/30/94
PTO	Northern	VA	09/30/96
EPA	Seattle	WA	06/30/96

Question. According to estimates seen by the Committee, the $999 million required for the acquisition of currently leased space spends out over a four year period, with only $64.9 million outlayed in the first year. Since this proposal involves the purchase of a facility, it seems that these funds would outlay in the first year and, at most, over a two year time frame. Why do these funds outlay so slowly?

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

Answer. The Acquisition of Facilities program proposes that GSA would have the ability to acquire replacement space for expiring leases using any of the acquisition methods available to the private commercial real estate market. GSA proposes to allow market conditions at the time of procurement to determine which specific method of acquisition will be utilized to solve each individual requirement. This creates uncertainty as to what specific housing solution will be employed for any given expiring lease. The use of options and the need for some upgrading to meet Government building standards will cause the outlays to occur as presented in the President's budget.

Based on this uncertainty and the delays incident to starting this program after Congressional action and signature by the President, GSA believes that the outlay stream as presented is a reasonable approximation of what the cash flows will be like. OMB intends to evaluate the outlays associated with this program as part of the mid-session review, as they will with other program outlays.

Question. Is the scoring of the President's acquisition proposal consistent with current score keeping rules developed by CBO and OMB in connection with the Budget Enforcement Act of 1990? Please explain how this scoring is consistent with current score keeping guidelines.

Answer. Yes, the difficulty that has arisen in evaluating the outlay stream associated with the Acquisition of Facilities program is that traditionally a single acquisition mode, i.e., construction, operating lease, or purchase, has been associated with specific projects as part of the budget request. This new program intentionally does not specify the acquisition method for particular projects. Instead, GSA proposes that market conditions at the time of procurement will determine the specific solution.

The scoring rules are unchanged. GSA will use options and may require facilities to be upgraded to meet Government standards. These tools, among others, will cause outlays to occur over a period of years. GSA believes that the outlay stream as presented is a reasonable approximation of what the cash flows will be like. OMB intends to evaluate the outlays associated with this program as part of the mid-session review, as they will with other program outlays.

TIME OUT AND REVIEW

Question. According to your testimony, the Time Out and Review Process is now complete. For the record, provide a summary of this review by project, including the following information: type of project, Pre-Time Out and Review Cost, Revised Cost, Total Savings, and Recommendation.

Answer. We are in the process of preparing a detailed final report and when completed we will provide it for the record.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

Question. In total, how much is expected to be saved based on Time Out and Review? Since the savings are by project, will the Administration be submitting a rescission proposal by project in the near future? If not, how will these savings be realized?

Answer. The expected savings from the Time Out and Review process will be provided for the record once the report discussed in the answer above is finalized.

GSA may submit some selected savings identified through the "Time Out and Review" process for inclusion in a rescission package. Many of these savings are projected and the construction contracts are yet to be awarded. While we expect to be able to accomplish these savings, we will hold on to the funds until the projects are completed. When projects require additional funds we will ask for Committee approval to transfer funds from savings, as we have routinely done.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

GSA EMPLOYMENT REDUCTIONS

Question. The President supports a reduction in full-time employee equivalents (FTEs) of 252,000 over the next six years. Accordingly, each federal agency in the executive branch has been given tentative FTE allocations for FY 1995 that would begin the process of achieving these reductions. Please provide the following information by appropriations account: FY 1993 base, FY 1993 actual, FY 1994 estimate, FY 1995 estimate, Change: 1993-1995.

Answer. The information follows:

GSA FULL-TIME EQUIVALENT (FTE) EMPLOYMENT

	FY 1993 Base	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95 Vs 93 Base Change	Percent
Federal Buildings Fund	10,023	9,887	9,810	9,604	(419)	-4.2%
Federal Supply Service	4,841	4,718	4,673	4,586	(255)	-5.3%
OE, GSA (D&R)	*	853	618	614		
General Supply Fund	*	3,821	3,933	3,851		
Transp. Audits	*	44	122	121		
Info. Resources Mgmnt Svc	2,216	2,182	2,184	2,139	(77)	-3.5%
OE, GSA (D&R)	*	595	613	600		
Info Technol. Fund	*	1,587	1,571	1,539		
Fed. Property Resources Svc	168	170	170	166	(2)	-1.2%
OE, GSA (D&R)	168	170	170	166		
Genl. Mgmnt & Administration	303	297	290	323	20	6.6%
OE, GSA (D)	303	297	290	323		
MEMO: OE, GSA	*	1,915	1,691	1,703		
FSS	*	853	618	614		
IRMS	*	595	613	600		
FPRS	*	170	170	166		
GMA	*	297	290	323		
Office of FTS2000 (IT Fund)	270	267	251	237	(33)	-12.2%
Working Capital Fund	2,380	2,293	2,303	2,212	(168)	-7.1%
Printing & Duplicating	294	282	267	253	(41)	-13.9%
Centralized Admin. Supt.	2,086	2,011	2,036	1,959	(127)	-6.1%
Inspector General	438	414	423	400	(38)	-8.7%
TOTAL, TPO BILL	**20,639**	**20,228**	**20,104**	**19,667**	**(972)**	**-4.7%**

* *Separate break not available.*

Account structure is comparable to FY 1995 request. All data exclude the Consumer Info. Center.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

OUT-YEAR EMPLOYMENT ALLOCATIONS

Question. Has GSA received tentative FTE allocations, or any other guidance, for FY 1996 and beyond? What are those allocations and what has that guidance been?

Answer. GSA has not received any specific FTE allocations beyond the FY 1995 levels shown in the President's Budget. Consistent with overall Administration Federal employment goals, the Agency expects that its out-year levels will ultimately reflect at least a 12 percent reduction from its FY 1993 base by fiscal year 1999.

FTE REDUCTIONS ACCOMPLISHED

Question. The President's budget assumes a total FTE reduction of 4.7% for GSA from FY 1993 to FY 1995. To date, how have these reductions been achieved? Will GSA meet its 1994 target without RIFs?

Answer. GSA employment is already at a level that is within FY 1994 targets, and the Agency is well on its way towards meeting its budgeted FY 1995 FTE level. All reductions to date have been accomplished through attrition, and assuming maintenance of rate of attrition, no RIFs are planned at this time to meet employment targets.

SCRANTON FEDERAL BUILDING AND COURTHOUSE ANNEX

Question. P.L. 103-123 included $12,093,000 for site acquisition and design of the Scranton Federal Building and Courthouse Annex. Please provide a status report of this project. What is the total estimated cost of this project and how much in additional funds are necessary in order to complete this project?

Answer. The project proposes construction of a four-story, 127,800 gross square foot annex to the Scranton Federal Building and Courthouse (FB-CT) and the alteration of the existing 154,898 gross square foot facility which was constructed in 1930.

GSA is currently preparing an Environmental Assessment (EA) for the project that analyzes the environmental impacts of construction of an annex on either the Park Plaza or the Deli/Dry Cleaner site. A public meeting was held in Scranton on February 24, 1994, to receive comment of the draft EA. Assuming that there are no significant environmental impacts on either site we are scheduled to publish a final EA and a Finding of No Significant Impact (FONSI) on April 30, 1994. On June 1, 1994, after the completion of a 30-day waiting period, we will begin site acquisition and relocation.

The construction cost estimate in the 11(b) Report, submitted to Congress on July 27, 1993, was reduced as a result of the Time-Out and Review (T-O&R) process by $3,147,000 and is now $22,389,000. A total of $12,093,000 has been appropriated for the project to date.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

The total project costs for the Scranton Project are:

Site	$5,000,000
Relocation	2,000,000
Construction Cost	22,389,000
Demolition	2,765,000
Alteration (for connection)	2,000,000
Design	2,177,000
Management and Inspection	2,201,000
Total Project Cost	**$38,532,000**

This leaves a balance of $26,439,000 to be appropriated for completion of this project.

Item	11(b) Report Figure	Post T-O&R Figure
Site	$5,000,000	$5,000,000
Relocation	2,000,000	2,000,000
ECC	25,536,000	22,389,000
Demolition	2,765,000	2,765,000
Alteration (for connection)	2,000,000	2,000,000
Design	2,177,000	2,177,000
Management and Inspection	2,201,000	2,201,000
Total	**$41,679,000**	**$38,532,000**

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

CONSOLIDATION PLANS

Question. Can you describe the process you used to come up with the consolidation plans for the various accounts?

Answer. In respect to the FY 1995 budget, GSA proposes to consolidate four individual salaries and expenses and operating expense appropriations accounts into a single appropriation for the Agency. The goal of this consolidation is to reduce and simplify account structures and streamline our internal administrative processes, in keeping with the goals of the National Performance Review (NPR).

In respect to GSA's re-invention plans for the Agency's Services and support offices, consolidation is proposed in those areas in which duplicative, redundant practices can be made more efficient through the centralization of efforts: specifically, in administrative and overhead functions. Beyond that, our re-invention plans will focus on de-centralization, with the goal of moving decision making, authority, responsibility and accountability "into the field" and out of a hierarchical structure.

The re-invention process that we have begun is an interactive and participatory process in which the involvement of GSA employees on all levels has been encouraged. From top management down through the ranks to front-line employees, we have sought input, encouraged idea-sharing, provided forums for participation, and worked to make this re-invention a genuinely Agency-wide undertaking.

Question. How far have you proceeded with these consolidation plans? What are some of the specific steps you have taken to date? Just give me some examples for now.

Answer. Some highlights of the process used to arrive at the Agency's goals of reduced centralization and control and increased competitiveness and customer focus, and employee empowerment include:

The establishment of "Re-Invention Labs," to re-examine the ways in which GSA does business and try new and innovative, market-driven approaches to respond to customer needs, focus on accountability for results, and empower employees to get results, while increasing efficiency and reducing costs;

Working to define the Agency's plan for implementing the recommendations of the NPR, through a variety of mechanisms, including (1) examination of the structure, roles and responsibilities each of the Services and the Regional Offices, by those entities themselves, with an eye for re-invention to reflect our goal of "Better, Cheaper, Faster, Easier, Smarter....or Not at All" (2) surveys of customer needs, to focus on customer service and satisfaction and to continue to be a viable competitor in the increasingly-competitive market environment, and (3) increased involvement, through our Labor-Management Partnership, of the unions in pre-decisional "design" development.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

A letter from the Administrator to 20 key members of the House and Senate Authorizing and Appropriations Committees asking for their input on our re-invention task. To date, we have met with a number of those representatives, and have plans to meet with the remaining members by mid-month.

Our recent Leadership Planning Conference in Baltimore, at which about 180 of GSA's top leaders and union representatives met for a three day work and planning session, to better clarify our common goals and formulate new ways of working together effectively to meet those goals. At this conference, each Service, and the Regions, presented their preliminary concepts for re-organization for discussion. Participants at the conference discussed and commented on the proposals, and have been charged with providing their input for the further development of the proposals by creating a similar opportunity for planning participation within their respective realms.

The process for GSA's re-invention has begun, but will clearly take some time, as is the case when the involvement and participation of as large a number of people as possible is a goal. While this may slow the process to some degree, we believe that providing our employees with an opportunity for input and participation in the process will ultimately help us develop a plan that will reflect the common mission and goals of the Agency.

Question. Mr. Johnson, as a long-time supporter of states' rights, I have not always found centralization of power into large entities, particularly when we're talking about federal government, the best route to go. What was your thinking in deciding that these consolidations would be the most efficient way to operate GSA? For example, does this provide dollar or manpower savings?

Answer. As it relates to the FY 1995 budget, the only consolidation proposal is, as stated above, that which is proposed to consolidate four individual salaries and expenses and operating expense account into a single appropriation. This proposal would change the account structure only, and would not affect the GSA's organizational structure or the current operating environment of the Agency. No dollar or full-time equivalent employment savings are anticipated under this proposal.

GSA's current proposals for the Agency's re-invention include consolidation of only those services or functions which are redundant and/or duplicative and thus costly in terms of dollars and employee-hours. By centralizing these functions under a single auspice, that single entity can efficiently handle a process or function for four service areas, rather than having each area duplicate the processes for themselves. GSA thus expects to achieve both dollar and employee-hour savings by "consolidating" functions that are reproduced Agency-wide.

In areas of operations outside these functions, our proposed plan strongly advocates the de-centralization of authority and control. GSA's underlying principles in all areas of re-invention are Respect, Results over Process, Responsible Risk-Taking and Responsibility, Authority and Accountability Closer to the Customer. We will move away from a centralized, hierarchical

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

structure of top-down control to a de-centralized, flexible organization in which those who are most intimately involved with a process, service or business line are empowered to make decisions affecting that area. It is our goal to put the "power" needed to get the job done in a "Better, Cheaper, Faster, Easier, Smarter" way in the hands of those who do the job on a day-to-day basis, to ensure that GSA becomes a benchmark of excellence, not only within the Federal Government, but in the world marketplace, as well.

STATUS OF TIME OUT AND REVIEW

Question. Could you provide me with an update on the status of your "Time Out and Review"? We have had four reports now from GSA on this process -- where do you plan to go from here -- do you restart those projects previously put on hold at this time?

Answer. GSA plans to release a final report on "Time Out and Review" in the near future. Projects are proceeding consistent with the findings of the review process and the current status of project authorization and funding.

FEDERAL SPACE NEEDS IN AMES, IOWA

Question. Will Ames, Iowa, be a candidate in the category of those to be analyzed for conversion from leased space to Government-owned space in GSA's large-scale effort?

Answer: GSA's Acquisition of Facilities initiative is for office space only and is based on major leases and/or lease consolidation that would result in the private sector construction of facilities for lease to the Government, or which represent viable candidates for Government ownership and are identified as candidate projects in the Acquisition of Facilities program. Tenant agencies for the candidate projects have long-term/permanent housing requirements. Further, the preliminary economics of the candidate projects must be compelling in favor of Government ownership.

Based on the limited office space under GSA control (approximately 13,000 square feet) and the fact that the economics of the project are not sufficiently compelling, GSA has not included this project in its Acquisition of Facilities program. However, we do envision the possibility of acquiring facilities that have not been included as acquisition candidates if subsequent offers are compelling in terms of cost, location, and the condition of the local real estate market. Thus, although GSA presently considers that maintaining the status quo is the most cost effective solution, this decision is always open to further review based on specifics that may be presented throughout the year.

Question. If GSA continues to lease space in Ames, won't this cost the taxpayers two to three times more than building a Federal building to house those agencies over the next 30 years?

Answer. Based on a 30-year present value cost analysis comparing leasing 15,000 square feet of space to building the same amount of space, the cost of the leasing alternative is $4,331,000,

while the build alternative is $4,433,000. Therefore, over the 30-year period the present value cost of leasing is $102,000 less than the present value cost of new construction.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

THE PRESIDENT'S EXECUTIVE ORDER ON LABOR-MANAGEMENT PARTNERSHIPS

Question. GSA became the first Federal agency to carry out President Clinton's executive order calling for establishment labor-management partnerships in the executive branch according to the testimony of Roger Johnson, GSA Administrator. What is the definition of a manager at GSA? Are lawyers and accountants included with this definition?

Answer. Generally we define a manager as an individual who supervises subordinate supervisors. Since the question is asked in the context of labor management partnerships, however, we assume that it relates to management as distinct from employees who are or can be represented by unions. In that sense managers include all supervisors and non-supervisory employees who formulate, determine, or influence agency policy. This later group (called "management officials") includes many -- but not all -- lawyers and accountants. Most non-supervisory management officials are in grades 13 and above and were classified as "GM" employees prior to the recent expiration of the Performance Management and Recognition System (formerly called the merit pay system).

Question. What kind of recommendations are coming from the labor management councils?

Answer. The labor management councils are ranging into a broad variety of topics centering on GSA's reinvention initiatives. Most of the labor interest and recommendations center on processes and philosophies aimed at meeting line employees' needs for security and continuing developmental opportunities during a period of change and uncertainty.

Question. How will the recommendations be budget-sensitive and be tailored to the available budget?

Answer. Recommendations from labor councils are made through consensus so management must agree that the recommendation makes sense and is workable. To the extent that labor and management cannot agree on a particular matter, the matter remains subject to negotiation as currently provided by law.

Question. The draft report on "Implementing Recommendations of the National Performance Review" recommends...."some type of requirement for all bargaining unit employees to pay to help support the representational services provided by the union on their behalf." Are you proposing that all employees will have to pay union dues?

Answer. No. The recommendation addressed by this question comes from the National Partnership Council -- a Governmentwide body established by executive order -- not from the GSA Labor management Council.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

Question. Given the COLA cutbacks and future reduced COLAs proposed, how will this impact the take home pay of federal employees, particularly lower salaried employees?

Answer. Presuming the National Partnership Council recommendation requiring all bargaining unit employees to pay a representational fee is enacted, the impact would vary from union to union depending on each union's dues structure. Presumably, if unions got an "agency shop," the resulting increase in revenues would enable them to reduce individual dues from current levels. That, however, would be entirely up to the unions themselves.

CHILD CARE

Question. Last year GSA indicated that the planned expansion of child care centers would involve six additional centers by the end of FY 93 and 16 possible new centers in FY 94 and 11 possible new centers in FY 96. It was noted that these expansions were subject to agency resources. How many new centers were up and running by the end of 1993?

Answer. 92 child care centers were operating in GSA space by the end of 1993.

Question. How are the new centers distributed geographically?

Answer. Five new centers were opened. These new centers are located in Los Angeles, CA, Denver, CO, St. Louis, MO, Richland, WA and Suffolk, VA.

Question. How is the "mini-centers" program progressing? Are there plans to open more of this type of center?

Answer. Plans are underway to build mini-centers at two locations--White Plains, NY and Hawthorne, CA. In each case 2 mini-centers will be constructed side by side. GSA plans to closely monitor the development and cost effectiveness of each of these projects before proceeding with other mini-centers.

Question. Will budget cutbacks reduce impact upon the proposed expansions?

Answer. Proposed cutbacks may impact not only proposed expansions but also the construction of new child care centers. Life/safety issues shall always be the priority as GSA seeks to upgrade existing centers.

Questions. Last year GSA responses indicated that child care governing boards which consist primarily of parents lack both business knowledge and child care expertise to operate child care centers. How are the efforts to provide training and assistance in this area progressing? Who is

doing the training and assistance and what are the problems they are identifying and how are they solving them?

Answers. GSA continues to provide board training on a continual basis using 4 major mechanisms:
1. Training is provided on-site during routine site visits. Training is provided by Dr. Patricia Kinney, GSA child care expert, and by GSA's Regional Child Care Coordinators.
2. GSA offers specialized training events. Board training is provided during GSA's annual child care conference and during board training seminars. Training is provided by non-profit board experts.
3. GSA's Office of Work Place Initiatives maintains a lending library of audio and video tapes which cover a broad array of topics including board training. Tapes can be borrowed at no charge.
4. GSA alerts Regional Child Care Coordinators and the child care centers to board training provided by professional organizations.

Problems which have been identified generally pertain to a governing board's lack of knowledge about their governance role and their relationships with their providers. Information about these issues is addressed in all aspects of board training and through information provided to boards on an individual basis.

Questions. What are the utilization rates of the child care centers? What are the variations in utilization around the country? What are the utilization rates across the economic spectrum, for example, what is the utilization rate of GS-7s with children compared to GS-15s?

Answers. GSA included in its annual survey, questions about utilization rates by grade two years ago. At that time, a number of centers declined to supply the information. From those which did, however, it was apparent that generalizations are difficult to draw. In some cases the utilization patterns in a center rely on the agency's function. For example, utilization of centers at IRS Service Centers and Social Security Processing Centers is high for GS-7s and below. On the other hand, several centers have few lower graded families such as those at headquarters agencies in Washington, DC. Utilization is also a function of the amount of tuition assistance funding available from charitable donation and other miscellaneous sources. This has been a major emphasis for GSA and the number of centers offering such assistance has more than tripled in the past 4 years. GSA is currently in the process of identifying new sources of tuition assistance, thereby broadening the utilization of centers by the Federal community. GSA will conduct a new utilization study within the next 6 months and will provide the Committee with the results.

Questions. How will layoffs, RIFs, and buyouts impact upon the child care centers? Are budget cutbacks or COLA cutbacks impacting the utilization of child care centers?

Answer. At this time it is too early to determine what the effects might be.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

Question. What has been the average increase in child care center costs at various centers?

Answer. Over the past year, most child care centers in GSA space have seen increases in tuition costs. Costs vary by age group with infant costs as the most expensive type of child care. For example, 78 of the 92 centers in FY 93 provided infant care and 63% of those had increases in rates. Increases ranged from $1 a week to $35 a week. Overall, however, most centers charged a 5% rate increase which represented a $5 a week increase for infant care. The overall average increase for infant care was $9 a week.

FLEXIPLACE PROGRAMS

Question. How many Federal employees are participating in Flexiplace programs? How many GSA employees are participating in Flexiplace? Have any studies been done to profile who is using this option? Is a diverse group of employees using this option or are employees with particular needs (young children, handicapped, long commute time) dominating the ranks of those who use Flexiplace?

Answer. Currently 1500 Federal employees are participating in Flexiplace, 70 are GSA employees.

A January 1993, OPM evaluation report, (only known study) provided a summary participant profile. The profile indicated that 72% were married and/or living in families, 47% had children under 18 living at home, 7% participated because of disability, and 5% had a disabled child or adult living at home.

According to OPM, most participants were full-time professional employees (70%) with pre-Flexiplace job performance of "Exceeds Fully Successful" or "Outstanding" (84%); and most worked in urban downtown areas. The average age was 42, and 84% had 11 or more years of work experience.

OPM demographic data indicates that participants are 76% White, 17% Black, 4% Asian, 2% Hispanic, and 1% American-Indian.

Employee participation numbers (by job type) show 70% are professional, 20% are technical/administrative, 8% are supervisory/managerial, 1% are clerical/secretarial and 1% are other.

Question. How is GSA approaching the potential problem of mid-level management resistance to Flexiplace work situations?

Answer. GSA is stressing the voluntary nature of the program, as well as the critical importance of supervisor/employee communication and cooperation.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

Question. On occasion I have had constituents and Federal employees from the Washington area contact me about the lack of publicity about the Flexiplace work-at-home option and the availability of telecommuting centers and misinformation on who can participate. For example, one woman said she was told only handicapped individuals could utilize the Flexiplace work-at-home option. How is information being provided to individual Federal employees? Have there been agency wide meetings for employees to attend or have large mass meetings been considered?

Answer. In 1990, a memorandum was sent to all GSA heads of services and staff offices (HSSO's) announcing the pilot program. GSA employees have also been informed by word-of-mouth, and by responses to individual telephone calls. GSA has not conducted agency wide meetings or mass meetings.

Information has been provided to employees in other Federal agencies through personnel offices and unions, offering them the opportunity to participate in Flexiplace and Telecommuting programs. Ads have been placed in suburban newspapers in the areas where telecommuting centers are located to advise employees living there of the existence of the centers. We are now starting a series of meetings with management in other agencies to stimulate high level interest and approval of the concept. The real problem is not so much to assure awareness of individual employees as it is to build the confidence that employee interest will be met with approval by management.

Question. Do you have any preliminary data on how the telecommuting centers are operating? What actions are being taken to publicize this flexible work option?

Answer. No formal evaluation data are available currently. Informal and anecdotal discussions with center operators and users suggest that the centers are doing fine and suiting user needs as expected. The only issue that has been mentioned is the need for voice mail and call forwarding or similar telecommunications equipment. This issue is being handled by GSA and the center operators.

The GSA has initiated publicity and marketing efforts by establishing a network of agency contacts and by providing group and individual information sessions as well as periodic updates of the center contacts. In addition GSA has:

-Sponsored a two-day symposium for Federal agencies; the symposium featured experts from a variety of telecommuting-related disciplines;

-Met with officials from national Federal employee unions to discuss plans and exchange ideas;

-Provided funding to center operators to support their marketing efforts;

-Conducted information sessions for senior managers at selected agencies;

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

-Conducted an official opening media event at the Winchester center and

-Disseminated brochures among Federal agencies and provided information documents in response to general public inquiries.

Question. Could you provide this Committee detailed information about the usage rates at the existing flexiplace (telecommuting) centers?

Answer. A telecommuting center is a facility that provides an alternate office setting away from the employee's regular duty station. The pilot initiative will permit employees to work in a telecommuting center one to five days a week. The site locations are: Winchester, Virginia; Fredericksburg, Virginia; Hagerstown, Maryland; and LaPlata, Maryland.

Of the four designated sites, only two are currently in operation. Eight people from the General Services Administration (GSA), the Defense Information Systems Agency (DISA) and the World Bank are utilizing the Winchester, Virginia facility. Six people from GSA, the National Park Service and the Department of Energy currently make use of the newly established site at Hagerstown, Maryland.

WASHINGTON AREA AGENCY CONSOLIDATIONS AND RELOCATIONS

Question. Please provide for the Committee a list of government agencies which have contacted the GSA during this fiscal year regarding any proposed relocation or consolidation of federal employees or facilities in the Washington, DC metropolitan area.

Answer. Below is a chart listing those agencies which have contacted the GSA during this fiscal year regarding any proposed relocations or consolidations. The chart identifies the Agency, Bureau, Square Footage, Existing location(s), and Proposed Location(s).

AGENCY	BUREAU	SQUARE FEET	EXISTING LOCATION(S)	PROPOSED LOCATION(S)
DOD	DISA	56,000	Jefferson Bldg. McLean, VA; VA Square Plaza Arlington, VA	Location TBD in Arlington, VA
	DMA	86,000	ACF Warehouse Riverdale, MD	Location TBD proximate to DMA headquarters in Montgomery County
	Navy	1.8 mil	Crystal City, VA	White Oak and Patuxent Naval Facilities

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CIA	Misc.	450,000	Ames Center Arlington Center Key Building Arlington, VA Northrop Page Building Vienna, VA Tyler Building McLean, VA	3 separate locations of approx. 150,000 SF each TBD in Northern VA between Rosslyn and Reston/Herndon.
FCC	Misc.	314,000	1919 M Street NW 2025 M Street NW 2000 L Street NW 1250 23rd Street NW Washington, DC	In litigation currently
USDA	CSRS	65,000	370 L'Enfant Plaza SW Washington, DC	Location TBD in Washington, DC
	FMD	40,000	300 7th Street SW Washington, DC	Location TBD in Washington, DC
HHS	All FDA facilities	3 mil	Misc. locations throughout Maryland	2 sites - 1 each in Montgomery and Prince Georges counties
Education	Hdqrs Offices	50,000	FOB 6 Washington, DC	Portals Building Washington, DC
	Hdqrs Offices	40,000	FOB 6 ROB 370 L'Enfant Plaza	Portals Building Washington, DC
Commerce	NTIS	130,000	Sills Building Newington, VA	Location TBD in Washington Metro area
	OCS	30,000	Yorktown Building Springfield, VA	Location TBD in Washington Metro area
	NOAA	48,000	Rockwall Building Rockville, MD	Sil.Spr. Metro Center I
	NOAA	37,542	Washington Science Center V Rockville, MD	Sil.Spr. Metro Center I
Treasury	OIG	30,000	Misc. DC Metro locations	Location TBD in Washington, DC
Fed. Election Commission		102,608	Misc. DC Metro locations	999 E Street NW

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DOT	Coast Guard	500,000	Transpoint Bldg. Washington, DC	Central Business District (CBD) Washington, DC
	FHA	34,000	New Requirement	Northern Virginia
DOJ	Litigating Divisions	1.2 mil	Misc. Washington DC locations	Metro proximate in Washington, DC
	Civil Rights Division	50,000	Misc. Washington DC locations	CBD Washington, DC
	Civil Division	66,000	Patrick Henry Bldg. Washington, DC	CBD Washington, DC
	JMD	80,000	Ariel Rios Bldg. Washington, DC	CBD Washington, DC
INS		85,000	Chester Arthur Bldg. Washington, DC	CBD Washington, DC
AOC	Courts	33,300	Presidential Bldg. Hyattsville, MD	Metro proximate in Maryland
NEA	NEH	127,000	Old Post Office Washington, DC	CBD Washington, DC
NARA	Archives	122,000	841-881 S. Pickett St. Alexandria, VA	Northern Virginia

Question. Please provide for the Committee a list of all government agencies which, during this fiscal year, have underway relocations or consolidations of facilities in the Washington, DC metropolitan area.

Answer. Below is a chart listing those agencies which have relocations or consolidations underway this fiscal year, FY 1994. The chart identifies the Agency, Bureau, Square Footage, Existing location(s), and Proposed Location(s).

AGENCY	BUREAU	SQUARE FEET	EXISTING LOCATION(S)	PROPOSED LOCATION(S)
AID	Misc.	550,000	1815 N. Fort Myer Dr. Lynn Building Rosslyn Plaza C Rosslyn Plaza E Twin Towers Bldg. Arlington, VA; Columbia Plaza Main State Building Washington, DC	Currently under construction - Federal Triangle Building Washington, DC
State Dept.	Passport Office	57,000	1425 K Street NW One McPherson Square Washington, DC	1111 19th St. NW Washington, DC

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DOD	OSIA	150,000	Fairchild Building Contel GTE Building GT Building Chantilly, VA	1 or 2 buildings in Chantilly, VA
	COE	277,000	20 Mass. Avenue NW Washington, DC	Southeast Federal Center
	Army	155,000	7700 Arlington Blvd. Arlington, VA	4035 Ridgetop Road Fairfax, VA
CNS	Total agency	65,000	1100 Vermont Ave. NW Pension Building Washington, DC	Location TBD in NW Washington, DC
USDA	FS-FSIS-FMHA	55,000	409 12th Street NW Washington, DC	1099 14th St. NW Washington, DC
	APHIS	300,000	6505 Belcrest Rd. Hyattsville, MD	4700 River Rd. Riverdale, MD
Treasury	IRS Hdqrs offices	880,000	Misc. DC Metro locations	New Carrollton, MD
	IRS	26,880	Misc. DC locations	Location TBD in Maryland
	Storage	75,000	Misc. locations	1739 Brightseat Rd Landover, MD
	Customs	607,000	Main Customs Building Washington, DC	Currently under construction - Federal Triangle Building Washington, DC
USSS	Hdqrs. Offices	461,000	1800 G Street NW 1310 L Street NW 1709 New York Ave. NW Washington, DC	9th & H Sts, NW Washington, DC
	Vehicle Maint. and Remote Mail Facility	50,000	Washington Navy Yard	Anacostia Naval Air Station
FERC	Hdqrs Offices	425,000	810 First Street NW 941 N. Capitol St. 825 N. Capitol St. Washington, DC	888 1st St. NW Washington, DC
HHS	Storage	110,000	Misc. locations	307 Industrial Dr Rockville, MD
VA	VBA	131,000	VA Central Office McPherson Square Westory Building Washington, DC	1800 G Street NW Washington, DC

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	Misc.	100,000	941 N. Capitol Street Washington, DC	1120 Vermont Ave. Washington, DC
Commerce	PTO	2 mil	Misc. locations throughout Crystal City	Location TBD in Washington Metro area
DOJ	Misc.	210,000	Patrick Henry Bldg. Washington, DC	Location TBD in Washington, DC
	FBI	230,000	1900 Half Street Washington, DC	Sq. 530 Washington, DC
	FBI	160,000 (storage)	Misc. locations	Franconia Depot
	OJP	110,000	633 Indiana Avenue Washington, DC	Location TBD in Washington Metro area
	Civil Division	100,000	Todd Building Washington, DC	Location TBD in Washington, DC
	JMD & Civil	140,000	Ariel Rios Bldg. Patrick Henry Bldg. Washington, DC	To be determined
	Misc.	65,000 (storage)	Pennbelt Bldg. Forestville, MD Ironwood Bldg. Lanham, MD	Location TBD in Prince Georges County, Maryland
	INS	350,000	Chester Arthur Bldg. Washington, DC	Location TBD in Washington, DC and Crystal City
AOC	Courts	150,000	Misc. Maryland locations	New Prince Georges County Courthouse
	Courts	194,000	Misc. West Virginia locations	New Alexandria Courthouse
EPA	Hdqrs Office	1.2 mil	Waterside Mall Misc. locations Washington, DC	Under construction-Federal Triangle Building Washington, DC
GSA	Central Office	475,000	Central Office 18th and F Sts. Washington, DC	Southeast Federal Center
DOE		70,000	Misc. office Germantown, MD	Location TBD in Germantown, MD
DEA	Mid-Atlantic	55,000	460 New York Ave. Washington, DC	Location TBD in Washington Metro area
	Washington F.O.	65,000	400 6th St. SW Washington, DC	Location TBD in Washington, DC

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	Misc.	100,000 (storage)	701 Lamont St. NW Washington, DC Backlick Center Newington, VA	Franconia Warehouse
FDA Consol-idation	All	2.4 mil	Federal Office Bldg. 8 Washington, DC Numerous PG and Montgomery County locations, MD	CVM and CVSAN PG County, MD CDER, CBER, CDRH, OC Montgom. Cty., MD

Question. Could you provide for the Committee a list of all leases currently held by GSA in the Washington Metropolitan area which are due to expire this fiscal year.

Answer. Attached is a set of pages listing all leases in GSA's inventory in the National Capital Region which are scheduled to expire before the end of this fiscal year.

EXPIRING LEASE REPORT
EXPIRATION DATE SORT

EXPIRATION DATE	BUILDING NAME	STATE	ANNUAL RENT	NUSF	LEASE NO.
03/03/1994	PARK BUILDING	MD	$737,941	60,134	LMD30045
03/09/1994	MAT LAND CO	MD	$402,450	53,660	LMD05726
03/18/1994	12709 TWINBROOK PARK	MD	$283,481	23,171	LMD90183
03/31/1994	1800 G STREET N W	DC	$352,703	21,789	LDC40013
03/31/1994	800 CONNECTICUT AVE	DC	$198,496	4,555	LDC20720
03/31/1994	460 NEW YORK AVE N W	DC	$109,570	15,759	LDC60266
03/31/1994	BACKLICK CTR SO	VA	$26,820	4,413	LVA80414
04/02/1994	12721 TWINBROOK PKWY	MD	$180,382	14,751	LMD90184
04/02/1994	1400 L STREET NW	DC	$370,929	10,258	LDC90170
04/12/1994	1201 NEW YORK AVE NW	DC	$176,777	5,250	LDC20686
04/16/1994	PORTAL BUILDING	DC	$330,019	12,105	LDC80418
04/23/1994	CITY BANK	VA	$60,520	9,730	LVA30004
04/29/1994	NASSIF BUILDING	VA	$2,226,223	216,521	LVA40018
04/30/1994	PRINCETON EXE. SQ.	MD	$119,522	7,511	LMD90185
05/02/1994	MINI PLAZA	MD	$72,050	3,700	LMD90177
05/13/1994	CONTEL/GTE BLDG	VA	$609,805	42,861	LVA20691
05/13/1994	ESSEX BLDG	VA	$293,123	14,022	LVA90043
05/15/1994	WESTWOOD MAIN ANNEX	MD	$3,239,905	232,427	LMD30025
05/15/1994	3702-10 IRONWOOD PL	MD	$113,450	27,500	LMD30043
05/25/1994	4984-86 BOIL BROOK P	MD	$39,600	4,620	LMD30099
05/25/1994	4958 BOIL BR PKY	MD	$130,422	10,411	LMD30125
05/31/1994	12725 TWINBROOK PARK	MD	$414,000	60,000	LMD30119
06/21/1994	FT LINCOLN	DC	$90,767	5,850	LDC90239
06/30/1994	1600 WILSON BLVD	VA	$5,749	80	LVA90205
06/30/1994	TWINPARK	MD	$561,073	40,475	LMD80210
06/30/1994	BERKLEY BUILDING	VA	$1,173,279	56,399	LVA70054
06/30/1994	602-608 SOUTH PICKET	VA	$228,682	33,785	LVA70174
06/30/1994	PRESIDENTIAL	MD	$617,808	33,305	LMD70037
06/30/1994	1600 WILSON BLVD	VA	$281,524	11,687	LVA90173
06/30/1994	CRYSTAL SQUARE II	VA	$78,183	3,489	LVA00100
06/30/1994	4620 WISCONSIN AVE	DC	$522,683	21,278	LDC90159
06/30/1994	1390 PICCARD DR	MD	$169,222	11,057	LMD10103
06/30/1994	PARK BUILDING	MD	$265,569	20,044	LMD80203
06/30/1994	MELPAR	VA	$2,413,692	127,350	LVA10133
06/30/1994	NASH STREET BLDG	VA	$2,705,224	137,477	LVA20680
06/30/1994	1390 PICCARD DR	MD	$1,503,572	82,376	LMD80411
06/30/1994	BERKLEY BUILDING	VA	$3,459,153	175,503	LVA00099
06/30/1994	1901 CHAPMAN AVENUE	MD	$544,110	40,067	LMD80206
07/28/1994	WILKINS AVE IND BLDG	MD	$346,584	40,218	LMD70171
07/30/1994	LETTER CARRIERS BLDG	DC	$515,375	20,152	LDC90224
07/31/1994	BALLSTON PLAZA II	VA	$200,801	6,094	LVA90180
07/31/1994	SILLS	VA	$859,014	100,428	LVA70170
07/31/1994	INDIANA	DC	$2,863,404	114,562	LDC20069
07/31/1994	ONE METRO SQUARE	MD	$31,594	4,553	LMD10239
08/03/1994	SKYLINE IV	VA	$47,948	2,077	LVA00119
08/09/1994	15721 CRABBS BR. WAY	MD	$42,223	2,873	LMD90192
08/11/1994	SEVEN CRNS CORP CTR	VA	$138,908	7,000	LVA90195
08/14/1994	ANNANDALE FINAN CTR	VA	$97,459	4,200	LVA90200
08/14/1994	CEDAR HILL	VA	$1,296,798	49,083	LVA90167
08/20/1994	8197 BACKLICK ROAD	VA	$45,644	6,615	LVA90280
08/31/1994	TASC BUILDING	VA	$113,709	3,858	LVA30169
08/31/1994	YORKTOWN OFFICE BLDG	VA	$593,071	32,016	LVA90214
09/03/1994	UNION CTR PLAZA NOR	DC	$1,454,860	197,829	LDC06437
09/14/1994	TWINBROOK 1	MD	$129,530	8,982	LMD90223
09/15/1994	841-881 SOUTH PICKET	VA	$885,950	122,200	LVA30077
09/15/1994	7777 LEESBURG PIKE	VA	$119,008	5,800	LVA90158
09/30/1994	RESTON HERNDON CTRE	VA	$195,243	9,950	LVA90193
09/30/1994	PARK CENTER ONE	VA	$65,085	3,023	LVA80428

EXPIRING LEASE REPORT
EXPIRATION DATE SORT

EXPIRATION DATE	BUILDING NAME	STATE	ANNUAL RENT	RUSF	LEASE NO.
10/01/1994	NAT. OFF.PROD ASSOC.	VA	$59,932	3,239	LVA90220
10/04/1994	KIMBERLY BLDG	VA	$58,275	6,300	LVA20815
10/05/1994	1101 WILSON BLVD.	VA	$148,181	4,315	LVA90199
10/09/1994	BUILDING NUMBER 7	MD	$735,988	36,672	LMD00080
10/28/1994	WHEATON PLAZA	MD	$81,579	4,821	LMD70141
10/31/1994	1400-1430 S EADS S|	VA	$251,650	50,330	LVA40000
10/31/1994	2803 52ND AVE	MD	$149,168	23,866	LMD50050
10/31/1994	1500 ECKINGTON PL	DC	$63,104	8,571	LDC90155
11/05/1994	501 SCHOOL ST S.W	DC	$557,940	19,970	LDC90194
11/06/1994	3330 WASHINGTON BLVD	VA	$270,000	14,183	LVA80219
11/29/1994	3701 NO FAIRFAX DR	VA	$383,226	13,450	LVA90302
11/30/1994	3701 NO FAIRFAX DR	VA	$1,664,969	65,372	LVA90297
11/30/1994	WOODMONT COMPLEX	MD	$499,215	22,374	LMD90187
12/01/1994	JEFFERSON	VA	$379,106	25,250	LVA00116
12/10/1994	500 N CAPITOL ST N W	DC	$2,964,041	98,024	LDC90164
12/10/1994	1707 H STREET	DC	$1,820,545	49,000	LDC90198
12/14/1994	NAT LAND CO WHSE 1	MD	$172,508	34,160	LMD30151
12/19/1994	8280 GREENSBORO DR	VA	$64,800	3,200	LVA20645
12/22/1994	GT BUILDING	VA	$43,187	2,273	LVA20773
12/31/1994	3141 FAIRVIEW PK DR	VA	$187,582	9,300	LVA20643
12/31/1994	KEY	VA	$2,455,042	106,666	LVA00076
12/31/1994	EAST WEST TOWERS	MD	$679,559	31,641	LMD00085
01/01/1995	370 L'ENFANT PROMEN.	DC	$593,100	20,021	LDC90189
01/15/1995	SEVEN CRNS CORP CTR	VA	$316,460	15,583	LVA90278
01/21/1995	601 PENN AVE NW	DC	$342,424	9,200	LDC70163
01/21/1995	601 PENN AVE NW	DC	$380,277	10,217	LDC60192
01/23/1995	AMES CENTER	VA	$2,213,749	129,020	LVA00077
01/26/1995	PRESIDENTIAL	MD	$206,640	12,327	LMD30080
01/29/1995	SS METRO CTR 2	MD	$7,158,383	281,748	LMD90153
01/31/1995	DENISE BUILDING	VA	$77,400	10,000	LVA00094
01/31/1995	ARLINGTON CENTER	VA	$1,909,149	118,011	LVA00078
01/31/1995	2025 M STREET NW	DC	$2,063,058	70,836	LDC00081
01/31/1995	6003 EXECUTIVE BLVD	MD	$144,656	8,767	LMD30121
01/31/1995	6003 EXECUTIVE BLVD	MD	$1,298,616	78,704	LMD00070
02/11/1995	CRYSTAL MALL 2-3-4	VA	$16,328,570	775,035	LVA90179
02/19/1995	5000-5010BOIL BR PKY	MD	$335,191	30,595	LMD90281
02/21/1995	601 PENN AVE NW	DC	$1,341,148	36,033	LDC70162
02/25/1995	8400 BALTIMORE AVE	MD	$389,071	27,044	LMD00088
02/28/1995	N VA INDUSTRIAL PK	VA	$114,121	18,700	LVA00087
02/28/1995	CAPITAL OFF. PARK	MD	$1,468,923	84,922	LMD90216
02/28/1995	200 NORTH GLEBE RD	VA	$117,766	7,282	LVA00089
02/28/1995	CAPITAL OFF. PARK	MD	$185,835	11,685	LMD20796
03/08/1995	KIMBERLY BLDG	VA	$299,758	53,940	LVA10168
03/14/1995	SS METRO PLAZA 2	MD	$90,460	4,350	LMD00075
03/16/1995	1709 NEW YORK AVE N.	DC	$638,379	26,812	LDC80415
03/21/1995	EXECUTIVE BUILDING	MD	$1,539,265	65,000	LMD10263
03/31/1995	MD SD INDUSTRIAL CTR	MD	$142,608	25,503	LMD90227
03/31/1995	CLARENDON CENTER	VA	$57,955	10,371	LVA30010
03/31/1995	UNION CTR PLAZA SO	DC	$5,487,429	250,903	LDC60050
03/31/1995	FAIRCHILD	DC	$3,522,075	127,345	LDC00097
04/30/1995	PENN BRANCH CENTER	DC	$71,962	3,690	LDC00114
04/30/1995	POMPONIO PLAZA 3	VA	$97,940	4,959	LVA10110
04/30/1995	POMPONIO PLAZA EAST	VA	$3,345,653	139,843	LVA00115
05/04/1995	130 NORTH ROYAL ST	VA	$147,352	7,608	LVA70164
05/15/1995	1800 G STREET N W	DC	$7,072,077	453,756	LDC06521
05/15/1995	1800 G STREET N W	DC	$199,498	24,154	LDC20613
05/31/1995	1776 G ST	DC	$158,678	6,264	LDC00105

EXPIRING LEASE REPORT
EXPIRATION DATE SORT

EXPIRATION DATE	BUILDING NAME	STATE	ANNUAL RENT	RUSF	LEASE NO.
05/31/1995	WASHINGTON SQUARE	DC	$2,305,860	94,387	LDC40054
06/03/1995	TECHWORLD PLAZA	DC	$1,536,106	47,214	LDC00079
06/17/1995	NORTH TOWER	VA	$1,702,232	65,400	LVA90298
06/26/1995	BALLSTON METRO CTR	VA	$993,258	34,210	LVA90300
06/30/1995	CRYSTAL SQUARE 4	VA	$1,031,555	37,314	LVA80254
07/06/1995	LYNN BUILDING	VA	$233,504	14,565	LVA20732
07/16/1995	NORTH TOWER	VA	$1,422,537	55,160	LVA00120
07/24/1995	CENTER BLDG NO 1	MD	$3,777,866	224,545	LMD06390
07/24/1995	1301 NEW YORK AVE	DC	$4,863,569	168,797	LDC50012
07/31/1995	WASH SCI CTR 1,2 & 5	MD	$3,446,657	243,580	LMD10100
07/31/1995	883,885,901-27S.PICK	VA	$566,645	82,179	LVA00131
07/31/1995	SKYLINE OFFICE BLDG	VA	$932,325	46,670	LVA10107
07/31/1995	STONEWALL JACKSON 08	VA	$348,830	23,540	LVA50035
08/02/1995	TWO SKYLINE PLACE	VA	$1,018,550	59,015	LVA00133
08/08/1995	1725 H ST NW	DC	$634,237	18,675	LDC00117
08/21/1995	ONE MCPHERSON SQ	DC	$4,204,697	182,055	LDC05803
08/31/1995	NATIONAL PLACE	DC	$390,927	11,140	LDC00137
08/31/1995	WORLD TRADE CENTER	DC	$286,280	8,987	LDC30062
08/31/1995	750 17TH ST NW	DC	$464,334	9,855	LDC00108
09/05/1995	CASIMIR PULASKI	DC	$5,882,509	344,091	LDC50062
09/09/1995	1555 WILSON BLVD	VA	$136,706	5,914	LVA00106
09/14/1995	INDIANA PLAZA	DC	$1,440,225	31,707	LDC00110
09/17/1995	7405 & 7407 LOCKPORT	VA	$427,505	70,000	LVA50038
09/17/1995	324 N FAIRFAX ST	VA	$105,505	4,850	LVA20809
09/30/1995	601 PENN AVE NW	DC	$56,000	1,400	LDC20802

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

CFCS IN FEDERAL BUILDINGS

Question. Your testimony discussed a major initiative to replace chlorofluorocarbons (CFCs) in Federal buildings. This program will require $105 million in FY 95 and $732 million for the entire program which will extend over several years. How are chlorofluorocarbon (CFC) problems currently treated?

Answer. The Clean Air Act amendments of 1990, P.L. 101-549 mandates the elimination of production of CFC refrigerants in the market place and dramatically increases prices. Our plan is to minimize total capital outlays and operating costs, maintain physical plant assets, and provide for an orderly service delivery during the transition period from the more adverse refrigerants that decrease the stratospheric ozone and impact the health of plants and animal life. Therefore, to implement this program GSA is proceeding with a major chiller replacement program to eliminate the use of CFC refrigerants in our operations, the first phase of which is reflected in our fiscal year 1995 budget request.

The majority of our large air-conditioning equipment (chillers) have reached or exceeded their expected useful life. It is our plan to avoid major temporary repairs and capital expenditures in existing old chillers which would need to be replaced in a few years. Our plan gives consideration to factors such as chiller age and remaining life, hours of usage, maintenance and repair history, refrigerant supply and possible alternatives, performance and capacity trade-offs, equipment enhancements, operational and maintenance practices, and building modernization schedules.

The CFC chillers and problems are treated currently in accordance with our general guidance for operations and maintenance, repair, and replacement of chillers.

(1) Operational units. Take appropriate actions to reduce the usage and risk of loss of ozone-depleting refrigerants, improve maintenance practices, expand testing and inspection procedures, and perform refrigerant recovery, recycling, and reclamation.

(2) Units requiring repair. Conduct life-cycle cost studies to determine whether to repair existing CFC chillers or to convert to chillers using less environmentally adverse refrigerants which will extend the beneficial life of structurally sound units. The cost of converting old chillers is more than half the cost of a new chiller and can have a significant impact on performance and capacity. Operating costs would continue to be very high.

(3) Units needing replacement or new units. Install efficient new non-CFC chillers. Only chillers using alternative refrigerants will be purchased. All existing and emerging technologies that reduce the environmental impact and are cost effective will be considered.

Question. What would be the cost of replacing CFCs on an "as needed" basis as there are leaks or other problems?

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

Answer. The cost will be significantly higher. The production of CFC refrigerants will cease after 1995. CFC costs will continue to increase because of taxes and ongoing customer demands. There is a projected severe shortage in the oncoming years as the remaining CFC inventories are used to service the millions of units of existing air-conditioning equipment worldwide as well as for other numerous non refrigerant requirements.

The cost of replacing CFCs on an "as needed" basis would be several times higher when all factors are considered. It would create a condition of unacceptable working conditions because of equipment failures and result in probable building closures. These higher cost factors include the expected higher failure rate for old chillers and the need to make emergency short term repairs; the ongoing higher operating and maintenance costs; the inability to plan for overall cooling plant improvements; and the adverse productivity impact on the Federal employees and other visitors who will be forced out of the buildings. The combination of the hot and humid summer weather conditions and internal heat generated by office equipment and tenant occupation will cause unacceptable working conditions.

Question. What company or companies are the main providers of these kinds of services?

Answer. The companies that are the main providers of these services are typically the large chiller manufacturers through their local franchise dealers. There are numerous regional and smaller independent companies that also provide air-conditioning maintenance and repair services. The main providers of large chiller equipment are: Carrier, Dunham-Bush, Synder-General, Trane, and York.

USE OF UNOBLIGATED BALANCES

Question. The FY 1994 Appropriations Act provided authority for GSA to use up to 50 percent of its unobligated 1994 balances in 1995. Of these funds, 2 percent may be used to finance employee cash awards and 3 percent may be used for employee training programs. What are your plans for the use of these funds in 1995?

Answer. Section 802 of the 1994 appropriations act provides us an excellent opportunity to give cash awards to deserving employees who propose improvements in program delivery and better and faster ways to provide services to our customers at demonstrated savings. Also, employees who reduce costs of doing business in their regular assignments, be it finding cheaper rates for official travel or eliminating an unnecessary office procedure would likewise receive appropriate cash awards. These cash awards, would be administered under an established system within the 2% limitation in the 1994 appropriation act.

Employee training programs would be enhanced by this provision since regular funding is often not sufficient to provide essential training to employees. We plan to focus first on areas where employees skills need to be upgraded due to new technology under an established system within the 3% limitation.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

The remainder of the 1994 unobligated balance authorized to be available in 1995 would basically be use for essential unforeseen program needs and upgrades of obsolete automated systems essential to effective program delivery.

As required by section 802 of the 1994 appropriations act a plan for the use of these funds will be formally submitted to the House and Senate Appropriations Committees.

Question. What is the Level of Unobligated balances which you anticipated will be available at the end of 1994?

Answer. It is estimated that a small percent of the allocations of 1994 operating expenses appropriations to each of our eleven regions and the several Central Office organizations will be unobligated at year end. On a national basis this would equate to about $1,500,000 of which 50% or $750,000 would be available in 1995 under the provisions of section 802. This estimate is smaller than previous year's unobligated balances due to absorption of locality increases.

YEAR-END SPENDING

Question. Please furnish information showing obligations in March and April, 1993, and in August and September, 1993, under those operating appropriations where unspent funds lapse at the end of the fiscal year.

Answer. The information follows. Patterns of year-end spending may reflect seasonal requirements or the fact that under increasingly constrained funding, many discretionary purchases are postponed until late in the year when it becomes clear that resources will be available after funding basic requirements (e.g., salaries, rent, service contracts, etc.). GSA monitors its year-end obligations to make sure they are for proper purposes and follow proper procurement procedures. It is a violation of GSA's administrative funds control process to obligate funds solely to prevent their lapse.

Fiscal Year 1993 Obligations
(Dollars in Millions)

	March	April	August	Sept
Oper. Expenses, Federal Supply Service	$ 5,251	$ 4,105	$ 4,996	$5,796
Oper. Exp., Info Resources Mgmnt Svc	2,681	3,762	3,028	6,263
Oper. Exp., Fed Property Resources Svc	1,059	1,121	1,111	1,303
General Management & Administration	2,489	2,723	3,998	4,674
Office of Inspector General	2,811	2,725	3,203	3,364
Allow. and Office Staff, Former Presidents	175	188	247	296

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN ISTOOK

NATIONAL PERFORMANCE REVIEW

Question. What is GSA's role in the Vice President's National Performance Review initiative?

Answer. GSA's role is pivotal to the effective and complete implementation of many of the National Performance Review (NPR)recommendations. This is a result of GSA's unique mission in facilitating the business of Government and allowing other Federal agencies to focus on their primary responsibilities. GSA's extensive and diverse business lines in real property, personal property, information technology, and procurement provide effective and formidable market access to reduce costs and lessen administrative burdens for customer agencies.

In fact, through GSA's ability to leverage the marketplace, estimated to affect over $61 billion in goods and services, and through its regulatory and policy-making responsibilities, we have tremendous capability to provide leadership, innovation, competition, empowerment, and partnership with all areas of commerce. By exercising this capability, and working with our Congressional committees, GSA can effectively respond to the recommendations of the National Performance Review.

Question. Over what time period does GSA expect to complete the requirements of the National Performance Review?

Answer. The time frame for implementation of the NPR recommendations is ambitious. Many of the recommendations that do not require legislation or the initiative of other agencies, will be implemented by the end of this calendar year. Those recommendations that require Congressional action, such as procurement reform, will be implemented by GSA as expeditiously as possible.

Though the established implementation dates are short, GSA will make every effort to meet them. A number of the recommendations are far-reaching and affect the fundamental operation of the agency. Implementation is proceeding with prudence and deliberation so that all aspects of the various impacts are considered.

Of particular importance, is GSA becoming a non-mandatory source for supplies and services, delegating more procurement authority to customer agencies, and reengineering our real property business. While we can move relatively quickly through the regulatory process, we must ensure that appropriate safeguards are developed and in place to protect the overall interest of the taxpayers. Greater freedom for agencies must be commensurate with an increase in their responsibilities measured according to specific criteria. Concurrently, we must also allow time to transition GSA's infrastructure to a more competitive and entrepreneurial position as optional provider of choice.

Lastly, the nature of the President's mandate to revolutionize government by working better and costing less provides the foundation for all agencies to continually reassess and reengineer the way they do business. There are no time limits on this effort. The spirit and intent of NPR, as well as the implementation of the President's Executive Orders to streamline the bureaucracy,

reduce internal regulations, and create a working partnership of management and unions will continue for the foreseeable future.

Question. Are GSA's actions under the National Performance Review initiative primarily designed to save money or to promote speed and efficiency of service; or a combination of both?

Answer. The NPR recommendations are intended to aid GSA in working better, cheaper, faster, easier, and smarter. The intent of the recommendations is designed, in large part, to save money by increasing the efficiency of customer service. It provides GSA greater incentives to reassess its business practices, emphasizing results over process and thereby reducing costs to our customers. Additionally, the NPR recommendations include policy actions that we are pursuing.

But the intent of the NPR and GSA's initiatives go beyond saving money by working better and costing less. By partnering with the vendor community, other agencies, employees and unions, and meeting with Congressional staffs, we are to establish a trust and a customer focus unparalleled in GSA's history. These alliances will provide feedback critical to GSA assessing and changing operations more quickly and being more closely aligned with customer needs.

GSA's goal is to not only work better and cost less, but to be easier to do business with, and to provide an effective and enhanced government-wide policy role.

Question. What actions, if any, is GSA taking as its part of the National Performance Review that it would have taken anyway? Was GSA planning cost saving measures that were simply incorporated into the National Performance Review when it came along?

Answer. The direction of GSA over the years and recent initiatives underway prior to the NPR, were mostly consistent with NPR's intent and recommendations. However, there is no doubt that NPR intensified GSA's effort by enlarging our scope, compacting our time frames, and directing our attention to new areas overdue for change.

Some of the areas that were underway prior to the NPR are as follows:

- Since 1970, GSA has down-sized from 40,000 employees to under 20,000 currently. We have accomplished this not only through budget reductions but by streamlining operations, contracting with private sector, and eliminating activities where GSA added no value. The Executive Order to streamline the bureaucracy will further our current streamlining efforts and reduce employment by a minimum of 12 percent by 1999.

- GSA's time-out and review process as well as its policy for no net new growth of government-owned and leased general purpose office space began independently of the NPR.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN ISTOOK

- GSA's empowerment of customer agencies through delegations of authority for operating and maintaining their space as well as delegations of procurement authority for major information technology buys have been increasing in recent years.

- GSA's drive to become a provider of choice for customer agencies through fully non-mandatory multiple award schedules (MAS) grows from the fact that over two-thirds of the product and service classes on the MAS were already non-mandatory.

- GSA's effort to promote greater use Government-wide purchase cards and travel cards has been underway for several years.

- Electronic access for customer ordering of supplies was first established in 1984 and subsequently significantly expanded by GSA's Federal Supply Service. This system, Multi-User File for Interagency News (MUFFIN) is being expanded further to fulfill the NPR recommendation for electronic screening of excess personal property.

- In the logistics area, GSA reduced costly maintenance of wholesale inventory, established direct delivery to customers from vendors, and changed from government to commercial descriptions for 70 percent of its retail supply products prior to the NPR.

- GSA received authority from Congress to use appropriated unobligated balances from fiscal year 1993 and previous fiscal years in fiscal year 1994 for critical information technology needs. In addition, GSA has been underway for several years in developing effective performance measures and using them to support resource requirements.

As can be seen, GSA has been moving in the same direction as the NPR recommendations. Clearly, the NPR has energized the agency to quicken and expand its efforts.

FEDERAL BUILDINGS FUND

Question. What is the current status of GSA's "Time Out and Review" process for the Federal Buildings Fund?

Answer. The review has been completed and we anticipate the release of a final report outlining the results and implications of this process in the near future.

Question. Is the "Time Out and Review" process a one-time effort, or does GSA see this as an annual exercise?

Answer. As a comprehensive review of the majority of prospectus-level projects currently in the authorization and/or execution pipeline, short of actual construction or lease award, GSA regards this process as a one-time effort. However, we expect the lessons learned from having conducted this review to shape our approach to the proposal, authorization and funding of projects in the future.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN ISTOOK

Question. What role does the "customer" agency play in the Federal Building Fund? Do agencies submit requests to you based on what they feel is their need, or does GSA measure the need for federal office space itself?

Answer. GSA has several means of tracking and learning of space requests. If an agency requires expansion space, they submit to GSA an SF-81 indicating the need for space and certifying this need and that they can pay Rent to GSA. GSA surveys its "customers" annually at the regional level, requesting that agencies verify their current space and provide GSA with any anticipated changes in needs over the next 5 years. GSA is constantly in contact with its client agencies and often the agency will let GSA know of any expansion (or reduction) prior to submitting a formal request. Regional real estate divisions monitor all lease activity and so are aware when a lease is expiring and thus, can contact the agency to ensure the space still meets the client agency needs. Also, each year, GSA Central Office issues an "Agency Call" to the heads of agencies informing them of any upcoming space actions in its records and requesting verification of the data and information on any anticipated new activity.

GSA works closely with its "customers" to be sure requirements are defined accurately and that in the acquisition of space, all laws, regulations and Executive Orders are complied with.

Once the needs are known in a particular geographic area, GSA may decide that the most efficient way to house the "customers" is in one leased location or to construct a new Federal building. GSA customers define their needs while GSA defines and provides the solutions to the customers' space requirements.

Question. Does the decision to build or lease rest primarily with GSA, or with the agency which will occupy the space?

Answer. GSA is continually reviewing its inventory and planning how best to house its various customers safely and economically. Before undertaking any major project, GSA compares the life-cycle benefits of leasing to ownership and then, through the prospectus process, puts forth its recommendation to the Congress. Generally, ownership is the less costly alternative.

Because it usually takes more time to build a new facility than is available to meet client requirements, GSA often must lease although it may not be the best economic alternative. GSA also leases when the need is not long-term, such as for the decennial census.

However, the Public Buildings Amendment of 1988 does require that GSA own several types of space. These include: "(A) computer and telecommunications operations; (B) secure or sensitive activities related to the national defense or security, except in any case in which it would be inappropriate to locate such activities in a public building or other facility identified with the United States Government; or (C) a permanent courtroom, judicial chamber, or administrative office for any United States court."

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN ISTOOK

Question. What is GSA's current standard for the space (in square feet) needed for each worker?

Answer. The U. S. General Services Administration's (GSA's) current threshold for space needs for each worker is 125 square feet. This 125 square feet threshold is described by GSA as the "primary" space which is the office area occupied by personnel in which an activity's normal operational functions are performed (this includes the work station footprint and circulation).

GSA's focus is on the "primary" portion of the office space assignment, since most of the work station requirements for Federal office workers are similar. The 125 square feet per person coupled with support space functions, produces an overall utilization rate of 153 for new assignments. These support space functions include filing, copier and mail areas, libraries, conference rooms, reception areas, etc.

Question. Has this standard changed recently?

Answer. This threshold was published in the Federal Register on August 26, 1991, under the Federal Property Management Regulation (FPMR) Temporary Regulation D-76, Assignment and Utilization of Space, and has not changed since that time.

Question. How does it compare with the space allocated to workers in the private sector?

Answer. In the private sector, the amount of space allocated per office worker is described in terms of density. The private sector finds it impossible to arrive at one ideal average density because the mix of workplace types varies greatly in different organizations. However, both GSA and the private sector develop space requirements based on job functions which establish the work station type and size. Recent studies by organizations such as the International Facilities Management Association (IFMA) indicate industry space allowances ranging from the mid-90s to over 120 net square feet per person, not including circulation.

When the circulation factor is removed from GSA's 125 square foot threshold for "primary" space, the allowance (108 net square feet) is comparable to industry standards.

In addition, both GSA and the private sector treat support functions (filing, conference, reception) separately. These support functions vary depending on the mission requirements of an organization and there is no known comparison between the two in the area of support space analysis.

Question. Would reducing slightly the amount of space for each worker result in any significant savings to the federal government?

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN ISTOOK

Answer. GSA handles each space request on a case-by-case basis, meaning that GSA establishes the client agency's specific space requirements based on job and support space functions. The 125/153 numbers are thresholds. When space requirement numbers exceed GSA's thresholds, the job and support space functions are closely evaluated to determine if the additional space is needed. GSA does not support a further space reduction, since it may create overcrowded conditions in some locations that would impair the work environment of the individuals who use it.

It is costly to accomplish this in existing space, especially old buildings, where there is not an open space configuration. We do require compliance with this standard when obtaining new or renovated space. GSA is seeking expertise, however, in other techniques which will drive down space utilization, such as hotelling, telecommuting, etc.

BUY VS. LEASE

Question. Apart from buildings, is it more cost effective for GSA to buy or lease systems such as furniture, office computers, vehicles, etc...?

Answer. Regarding information technology, it is generally more effective to buy rather than lease. Our policies, followed by all agencies, emphasize purchase versus lease. About 90% of all information technology acquisitions are done via purchase.

Regarding vehicles, the cost to lease and purchase motor vehicles is constantly scrutinized by the Federal Supply Service's Interagency Fleet Management System (IFMS). It is more cost effective for the IFMS to purchase motor vehicles than lease long-term from the automotive manufacturers or on a short-term basis through private firms such as PHH, Wheels, or ARI.

Long term operating leases with the automotive manufacturers are used by the IFMS when capital resources are insufficient to fund annual vehicle replacements and consolidation requirements. The IFMS entered into five 36-month leases with manufacturers over fiscal years 1989 through 1993. Had these leased vehicles been purchased, even while factoring in the cost of money at Treasury's borrowing rate under the purchase analysis, the Government would have realized a $25.7 million cost avoidance. Operating leases awarded in fiscal years 1992 and 1993 in conformance with OMB Circular 91-02 covered 18,316 of the total 45,705 leased vehicles and, if purchased, would have resulted in $17.3 million of the $25.7 million savings.

COST REDUCTIONS

Question. Your budget request shows administrative costs at GSA decreasing by $4.2 million, or about 2.4%. Do you expect this trend to continue in future fiscal years?

Answer. The $4.2 million reduction applies to GSA's total direct operating appropriations, which support management and oversight of the Agency's programs and certain other Governmentwide functions. The change reflects both decreased employment and reductions to administrative and other costs.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN ISTOOK

We do not expect reductions to continue in future years, except as a consequence of program or employment changes. At less than $170 million, the accounts are relatively small and largely devoted to personnel and other basically fixed costs (such as rent). It is and will continue to be a challenge to identify savings within this sustaining base to even partly offset the effects of inflation and pay raises. As GSA continues to rightsize, however, employment decreases or organizational changes may affect these accounts, and such program changes would be reflected in the budget.

GSA FTE DECREASES

Question. Your fiscal 1995 FTE request is 19,667 positions, 437 fewer FTE than in fiscal 1994. How will this reduction be carried out? Does GSA expect to use Reductions in Force and early retirements, or will natural attrition through the year be enough?

Answer. GSA fully expects to accomplish its personnel reductions entirely through attrition, and is well on its way toward that objective. The Agency does support enactment of some form of separation incentives, however, to assist in reaching its goals, particularly among the ranks of its mid-level and senior managers and permit reorganizing of work.

FEDERAL WORK FORCE REDUCTIONS

Question. There is consensus in Congress to reduce the federal work force by 252,000 over the next five years. What steps is GSA taking to prepare for the federal work force reduction?

Answer. GSA is in process of reviewing its missions and how it is organizationally structured to meet them. We are trying to "rightsize" that structure to ensure the best method of service delivery and to increase our competitive posture. We are also trying to flatten the organization by removing unnecessary review and reporting layers, and are paying particular attention to reducing administrative and support personnel to the minimum levels needed.

Question. Is the 437 FTE reduction in FY 1995 part of GSA's contribution to the anticipated government-wide reduction of 252,000?

Answer. Yes. As the Administrator noted in his written opening statement to the Committee's February 22, 1994 budget hearings, the decreases are a "down payment" towards the Administration's overall employment reduction goals.

Question. How will these reductions affect GSA's mission? Is it fair to say we are "squeezing out fat" here, or will GSA have to cut back on operations as the workforce declines?

Answer. While budgeted and possible future reductions will be necessary to remain competitive and provide cost effective services for the taxpayer, it would not be accurate to say that this is

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN ISTOOK

simply "squeezing out fat." We are planning to restructure, perhaps fundamentally, the way that GSA is organized to conduct those missions that we can best perform within the Federal Government. We are also trying to change our corporate culture by pushing service delivery as close to the customer as possible, empowering those employees, and removing as many reporting or review layers and impediments as possible. If we are as successful as we hope to be, our smaller workforce and leaner organization will be rightsized to accomplish Agency missions without cutting back on operations.

General Services Administration
PUBLIC BUILDINGS SERVICE
BUDGET OVERVIEW

HIGHLIGHTS

National Performance Review Recommendations

The National Performance Review (NPR) made recommendations on real estate which have an impact on the Public Buildings Service. The NPR recommended that customers be given choices and that real property enterprises be created that promote sound asset management. The fiscal year 1995 budget request reflects a strategy to begin implementing some of these recommendations.

The budget reflects initiatives to become a "Provider of Choice", and enhance asset management of general purpose and related space.

The NPR recommended that legislation be enacted permitting the Federal Buildings Fund (FBF) to be used by an asset manager in a manner comparable in all respects to similar commercial enterprises.

Change in Project Authorization Process

In order to continue to provide for the replacement of existing office space and facilities and to provide for future office space requirements, GSA is proposing to alter the manner in which it receives project authorization.

The proposed project authorization process will identify the space requirement without specifying the method of acquisition. Market conditions at the time of procurement will determine the specific method through which the requirement will be met. This differs from the current procedures whereby GSA determines in advance which projects should be acquired through purchase, construction, lease-purchase, and capital or operating lease.

Construction and Acquisition Appropriation

Funding for new space requirements is being requested outside the FBF. A new appropriated account is requested, Construction and Acquisition. This request will include $999 million for the acquisition of housing for agency tenants with expiring leases when it can be demonstrated that federal ownership is in the best interest of the federal government. Also, new construction of special purpose space needs, U.S. Court facilities, laboratories, computer centers, etc., will be funded outside of the FBF.

Reducing Costs to Customers

GSA has modified its rate structure for fiscal year 1995 to reduce the overall amount that our clients pay for the space and services they receive.

These reductions have resulted in real savings and are reflected in the President's Budget.

In addition, the FBF will no longer include funds for the operation, maintenance and repair of federal buildings delegated to tenant agencies. The delegatee agencies will retain that portion of Rent payments formerly made to GSA for this purpose.

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

BACKGROUND

The Federal Buildings Fund (FBF) is an intragovernmental revolving fund, authorized and established by the Public Buildings Amendments of 1972 (P.L. 92-313, dated June 16, 1972) to finance Public Buildings Service (PBS) real property management and related activities.

HIGHLIGHTS

Change in Rent Rates

The FBF is financed by income from user charges set at commercially comparable rates, collected from client agencies occupying GSA controlled space. GSA has modified its rate structure for fiscal year 1995 to reduce the overall amount that our clients pay for the space and services they receive.

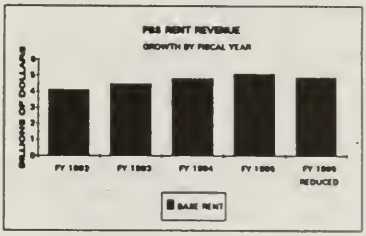
GSA modified the existing Rent system to establish Rent rates which adjust to changes in market conditions for commercial real estate in major cities. The intent is to establish very competitive rates that will encourage our clients to remain in GSA controlled space.

The reduced rate structure will continue to provide the amounts necessary for leasing, building operations, debt service and repairs and alterations, but not the up-front funding for the new construction and purchase of general purpose space. These requirements will be funded, by appropriation, from a new construction and acquisition account.

As indicated above, GSA has reduced the overall amount that our clients pay for the space and services that they receive. In fiscal year 1995, this amounts to a reduction of $210 million from the previous 1995 Budget Estimate. Under separate cover we will provide the Appropriations Committee with a list of these Rent reductions by agencies and bureaus.

The fiscal year 1995 Rent estimate also reflects the proposed transfer of the Agriculture headquarters building to the Department of Agriculture.

The following chart reflects the reduction of Rent income in fiscal year 1995.



Budget Summary Information

The following exhibits provide information regarding the overall aspects of the Federal Buildings Fund:

o Exhibit 1 - Schedule of Unobligated Available Balance

o Exhibit 2 - Digest of Budget Estimates by Activity for Fiscal Year 1995

General Services Administration
PUBLIC BUILDINGS SERVICE
BUDGET OVERVIEW

Change in Federal Buildings Fund

In the future, GSA will be by necessity more customer oriented and the level of our expenditures will be more dependent on the number of client agencies GSA can either attract or retain in its inventory.

If GSA is to be successful as a "Provider of Choice" and as an effective "Asset Manager," greater fiscal flexibility is essential. In the past, the establishment of multiple limitations (New Obligational Authority (NOA)) on the use of revenue has created problems in providing GSA with the flexibility to provide space and services to our clients. These problems were ameliorated through the use of reprogramming authority.

In order to facilitate the changes noted above, GSA has combined and eliminated certain NOA limitations. There will be only four limitations within the FBF: 1) repairs and alterations, which includes incident design and construction services; 2) installment acquisition payments; 3) rental of space; and, 4) building operations, which includes real property operations, program direction, and administrative costs for design services.

Change in Design and Construction Services Funding

The separate NOA limitation for Design and Construction Services (D&C) has been eliminated in this budget. The new construction projects in the Construction and Acquisition account and the repairs and alterations projects in the FBF include associated design and management and inspection services. Personnel salaries, administration and technical services previously included in D&C are now funded in Building Operations in the FBF.

CURRENT INITIATIVES TO REDUCE LEASED SPACE COSTS

GSA has made the reduction of leased space costs one of its primary objectives, and has implemented several broad initiatives to support the achievement of this objective. For example, we are replacing leased space with Government-owned space in those geographic locations where the economics justify such action. Programs include:

- Direct Federal Construction;

- Recapture of vacant Government-owned space through renovation; and,

- Installment Purchase Agreements.

o Exhibit 3 - Object Classification Schedule

o Exhibit 4 - Appropriation Language and Explanation of Changes

o Exhibits 5-12 - Workload Performance Measures

EXPLANATION OF ESTIMATES

As discussed in the Budget Overview section, the Federal Buildings Fund is restructured to include four budget activities: repairs and alterations, installment acquisition payments, rental of space, and building operations.

Repairs and Alterations

The fiscal year 1995 Repairs and Alterations (R&A) program proposes 27 line item projects for design and construction, and non-line item work.

Funding is identified for 25 prospectus level projects. Of the 25 projects, $155.3 million is identified for Energy and Chlorofluorocarbons programs. $330.1 million is required for 20 projects for which design funding was received in prior fiscal years, and the amount of $21.7 million is identified for the advance design of 16 prospectus level projects. Also, $2 million is required for demolition expenses for 2 future year construction projects. The non-prospectus program provides $305.2 million, including $41.5 million for design and management and inspection services provided by contract.

The fiscal year 1995 R&A program request continues GSA's emphasis on building repairs and modernization to ensure continued efficient operations and to reinvest for long-term retention; to improve health and safety aspects of the building inventory by installing firesafety systems and abating asbestos; to recapture vacant and underutilized space for cost-effective client agency housing; to alter space for additional courts' requirements; and to meet special program requirements for energy conservation, environmental protection, handicapped accessibility and seismic resistance improvement. Projects for health and safety were selected based on risk assessment reports. Repair and modernization projects were developed and funded at an acceptable reinvestment level tied to the functional replacement value of the asset based on the condition of equipment and systems. The fiscal year 1995 budget does not request additional funding for the expansion and improvement of U.S./Mexico Border facilities. This program was fully funded in fiscal years 1988 though 1991 as well as 1993 and 1994.

Exhibits 13 through 16 provide listings and descriptions of the R&A construction and design projects.

Installment Acquisition Payments

The requested funding will provide required payments of principal, interest, taxes, and other required obligations for purchase contract facilities constructed under authority of the Public Buildings Amendment of 1972 as well as installment (lease) purchase

facilities which have been individually authorized by Congress since 1987.

The fiscal year 1995 budget provides principal and interest payments for five lease purchase projects that will be completed in fiscal years 1994 and 1995.

The purchase contracts and lease purchase arrangements require the Government to make periodic payments on these facilities over varying periods of time until title is transferred to the Government. The purchase contract arrangements contain call and prepayment options. GSA has determined that it is advantageous to the government to exercise these call and prepayment options given the current interest rates. Redemptions are being financed through the Federal Financing Bank (FFB), through the issuance of replacement purchase contracts. Payments will remain the same as the original financing packages, with interest savings being utilized to shorten the payoff period. The first four packages have been refinanced, producing net present value savings to the Government of $17,650 thousand. GSA plans to complete the refinancing of the remaining mortgages in fiscal year 1994. Permanent borrowing authority of $53 million is reflected in the fiscal year 1994 column of the President's Budget for this purpose. Completion of these transactions will generate additional net present value savings of an estimated $3,960 thousand.

The budget reflects real estate tax savings of approximately $23,464 thousand in fiscal year 1995 as a result of building titles being held by a Government entity, the FFB. After refinancing, building titles are held by the FFB. As titles for these buildings transfer to the Government, affected facilities are no longer subject to state and local real estate taxes. By refinancing these long-term debts, the Federal Government will realize total savings of approximately $233,428 thousand for state and local taxes.

Rental of Space

This estimate provides for recurring rent rate increases and for a limited amount of expansion space in support of major R&A projects, relocations from Federal buildings, and relocations due to health and safety. No provision is made in this budget for expansion space related to new or expanded agency programs. Expansion space for new or expanded agency programs will be provided under GSA's indefinite authority. GSA plans to utilize this indefinite authority in fiscal year 1995 to award 4,697,100 square feet of expansion space at a part year cost of $51,297,200.

The fiscal year 1995 budget reflects a 2.7 percent (130,075 thousand square feet) net decrease from the fiscal year 1994 end-of-year leased inventory (133,684 thousand square feet). However, the fiscal year 1995 inventory will be higher to the extent that agencies acquire expansion space. The following table shows GSA's expected end-of-year leased inventory through fiscal year 1995, including projected expansion space.

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

Expected End-of-Year Leased Inventory			
	FY 1993	FY 1994	FY 1995
SF(Millions)	126.0	133.7	130.1
$/SF	$15.69	$16.69	$17.08

GSA anticipates that the national real estate market will be relatively flat through fiscal year 1994. The market leveled off in the early 1990's. The projected funding level for fiscal year 1995 reflects no increase in rates in most regional markets and for modest increases in some areas. Replacement of expiring leases and operating cost pass-throughs will result in a slightly higher overall rate. Renegotiations of current leases are expected to partially offset the modest increase in overall rates.

The tables below show the square footage, cost and cost per square foot of expansion and cancellation actions and the projected net change to the inventory through fiscal year 1995.

FY 1993 Rental of Space Expansion vs. Cancellations			
	FY 1993 Expansion	FY 1993 Cancel.	Net
SF(000)	12,905	(5,147)	7,758
$(000)	$137,114	($55,531)	$81,583
$/SF	$14.13	$15.35	

FY 1994 Rental of Space Expansion vs. Cancellations			
	FY 1994 Expansion	FY 1994 Cancel.	Net
SF(000)	10,185.5	(3,746.2)	6,439.3
$(000)	$103,150.4	($36,542.2)	$66,608.2
$/SF	$18.13	$14.92	

FY 1995 Rental of Space Expansion vs. Cancellations			
	FY 1995 Expansion	FY 1995 Cancel.	Net
SF(000)	392.6	(4,001.1)	(3,608.5)
$(000)	$2,915.7	($30,329.1)	$(27,413.4)
$/SF	$17.99	$14.53	

Exhibit 17 shows the growth in leased space and obligations for the Rental of Space activity. Leased space has risen from 101.1 million square feet in FY 1990 to a projected 130.1 million square feet in FY 1995

assuming no expansion in 1995. Obligations were $1.310 billion in FY 1990 and are projected to be $2.224 billion in FY 1995.

Exhibit 18 shows an analysis of vacant space. The amount of vacant Government-owned and leased space will decrease from FY 1993 to FY 1995, as more space is assigned and space alterations are completed.

Exhibit 19 shows the customer agencies that drive GSA's leased space inventory. From FY 1992 to FY 1995 total space will increase by 10 percent. Sixty-eight percent of the space assigned is for seven agencies. Treasury accounts for 14 percent, and Defense accounts for 13 percent of the total. While Justice accounts for 10 percent of the total, their space assigned will rise 20 percent from FY 1992 to FY 1995. The U.S. Courts account for 7 percent, and their space assigned will rise 15 percent from FY 1992 to FY 1995.

The implementation of the Administration's National Performance Review (NPR) recommendations will impact government real estate needs. A number of agencies are expected to consolidate functions and offices. In addition, NPR recommended reductions in the government work force will result in a decrease in long term government space requirements. It is expected that the government's requirement for space will remain stable through FY 1995. Until implementation plans are available, the out-year impact of the NPR recommendations cannot be accurately assessed.

Building Operations

This program provides for the overall management and administration of all PBS programs and the operation of Government-owned facilities under the jurisdiction of GSA. Also included are building services in GSA leased space where the terms of the lease do not require the lessor to furnish such services. This budget activity includes real property operations, program direction, and administrative costs for design and construction services.

Management and administrative functions include planning, policy development and program evaluation and control. Included are personnel costs supporting the planning and direction of PBS programs; PBS' share of the legal, accounting, payroll, personnel and other General Management and Administration (GM&A) services; centralized support items for PBS such as accident and unemployment compensation, telephone services, postage and printing; costs for ADP hardware, software, maintenance and programming support for all PBS organizations nationwide; and the planning and administration of the PBS capital improvements program including building inspections, surveys, preliminary planning, and scope development.

Services that are provided for facilities occupied by government employees include cleaning, protection, maintenance, payments for utilities and fuels, and grounds maintenance. Other related supporting services include various real property management and staff support activities such

as space acquisition and assignment; the moving of Federal agencies; on-site inspection of building services and operations accomplished by private contractors; and various highly-specialized contract administration support functions. The space, operations, and services referred to above are furnished by GSA to its tenant agencies in return for payment of Rent. Due to considerations unique to their operation, GSA also provides distinctive services in some special facilities, such as the Pension Building, also known as the National Building Museum, in Washington, DC, and in certain agency headquarter facilities including those occupied by the Executive Office of the President, such as the East and West wings of the White House and the Old Executive Office Building.

The funding in fiscal year 1995 will provide for building services in 271,299 thousand square feet of existing space in 8,032 buildings under GSA's control and an additional 10,486 thousand occupiable square feet entering GSA's operational inventory in fiscal year 1995. This funding is sufficient to maintain custodial, maintenance, and protection services at commercially equivalent levels and for general management and administration of the programs.

In fiscal year 1995 staffing will be reduced by 206 positions from the fiscal year 1994 level. This reflects the effects of a uniform 12 percent employment reduction to be achieved over the period fiscal years 1994 - 1999. General management and administration will remain relatively constant with only inflationary and pay related increases.

GSA is actively involved in a variety of nationwide programs that consist of thousands of government employees participating in conservation of our planet's natural resources. PBS has established recycling programs nationwide in GSA-operated buildings and helps other Federal agencies set up programs in the buildings they operate. Since passage of the Energy Policy Act of 1992, GSA has had a leading role in Federal energy management.

Activities associated with GSA's conservation programs include:

o Nearly 36,000 metric tons of recyclable materials were collected in fiscal year 1993 at a savings of $1.7 million. We project the fiscal year 1995 collection to be 45,000 metric tons, which will save approximately $3.0 million through sales contracts and dumping fees at landfills.

o Energy consumption has been reduced by more than 40 percent since 1973, and 8 percent from our fiscal year 1985 level. Current energy usage in GSA facilities is more than 40 percent below Federal average. The Department of Energy has reported that GSA had the lowest energy use of all major property managing agencies.

o A policy has been developed for GSA to participate with local utility companies' demand side management rebate programs. GSA now participates in energy rebate

programs, retains the savings, and reuses the funding resources for additional program requirements. GSA received approximately $5.7 million in fiscal year 1993.

o Both clients and buildings management specialists have been trained to implement conservation programs. We have released catalogs identifying the most energy efficient lighting, published energy guidebooks and provided training programs to assist employees nationwide on the complexities of energy savings.

o A model refrigerant management plan has been developed that will significantly reduce the impact of ozone-depleting refrigerants on the stratosphere. There are approximately 325 thousand tons of chiller capacity in the GSA inventory that use ozone-depleting refrigerants. It is our goal to replace or convert all of these by the year 2000, starting in fiscal year 1995. $5,000 thousand is requested in fiscal year 1995 for this purpose to implement the Clean Air Act Amendments of 1990 (P.L. 101-549).

Within available resources, PBS is implementing a client survey program for measuring customer satisfaction in workspace provided by PBS. Randomly selected tenant buildings will be surveyed every two to three years. The survey has been developed in conjunction with the International Facility Management Association (IFMA).

Exhibit 20 provides additional information regarding the building operations request by function.

Change in Delegations Program

In accordance with the conference report on the Fiscal Year 1994 Treasury, Postal Service, and General Government Appropriations Act, OMB directed GSA to remove funding for delegated buildings from the fiscal year 1995 budget for the FBF. Delegatee agencies will retain the portion of their Rent applicable to operation, maintenance, and repair of delegated buildings and use these resources for the cost of these activities. GSA has reduced its fiscal year 1995 budget by $242,651 thousand and has notified agencies of this change.

General Services Administration
PUBLIC BUILDINGS SERVICE

SCHEDULE OF UNOBLIGATED AVAILABLE BALANCES
With FY 1994 Rescission Action
FY 1993 - FY 1995
(Dollars in Thousands)

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Available from prior year for reauthorization	343,929	588,096	402,803
Non appropriation transfers	(31,345)	(60,309)	(68,343)
Reprogramming authority	81,563	-	-
Rescission of prior year authorites	-	(127,691) 3/	-
Projects Rescinded	185,344	-	-
Appropriation	324,601	288,486	-
Authority to borrow	327,713	52,619	-
RENT income	4,337,870	4,826,881	4,562,143
Miscellaneous income	1,931	4,192	4,000
Outleasing income	11,177	2,000	2,000
SSA payments	94,133	36,707	37,955
Total Resources Available	5,676,916	5,610,981	4,940,558
New Obligational Authority (-) (Detail below)	4,877,510	5,283,250	4,487,070
Authority to borrow (-)	327,713	52,619	-
Prior year recoveries (+)	38,541	-	-
Fy 1994 Rescission (-)	-	(127,691)	
Unobligated balance of annual accounts (+)	77,862	-	-
Balance Available for Reauthorization	588,096	402,803	453,488
Construction and Acquisition	646,087 1/	925,027	-
Repairs and Alterations	589,681 2/	523,782	812,226 5/
Design and Construction Services	187,879	184,081	- 6/
Installment Acquisition Payments	143,381	118,108	127,531
Rental of Space	1,987,897	2,149,554 4/	2,223,624 7/
Real Property Operations	1,180,585	1,226,085	1,323,689
Program Direction	142,000	156,613	- 6/
Total New Obligational Authority	4,877,510	5,283,250	4,487,070
Redemption of PC Debt	327,713	52,619	-

1/Includes $17,000 thousand for Allentown, PA, FB-CT and includes $2,775 thousand for Sacramento, CA, FB-CT.
2/Includes $1,030 thousand for historical outleases for which obligational authority is available through FY 1994.
3/The proposed FY 1994 recission for $127,691 thousand would impact the obligations of the Construction and Acquisition of Facilities ($115,125 thousand) and Repairs and Alterations ($12,566 thousand) activities.
4/Includes $24,171 thousand for indefinite authority.
5/Beginning in FY 1995 the project design cost will be merged with the R&A activity.
6/Beginning in FY 1995 the Program Direction and Personnel Compensation and Benefits and related costs for D&C activities will be merged with the Building Operations activity.
7/Does not include $51,297 thousand for indefinite authority.

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General Services Administration
PUBLIC BUILDINGS SERVICE

FEDERAL BUILDINGS FUND
DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FISCAL YEAR 1995
(WITH RESCISSION)
(Dollars in Thousands)

	OBLIGATIONS						Increase/(Decrease) For FY 1995	
	FY 1993 Actual		FY 1994 Program		FY 1995 Request		Change	
	WYs	Amount	WYs	Amount	WYs	Amount	WYs	Amount
1. Construction and Acquisition	-	82,017	-	1,540,205	-	1,095,422 1/	-	(444,783)
2. Repairs and Alterations	-	606,670	-	813,745	-	898,864 2/	-	85,119
3. Design and Construction Services	781	184,523	835	216,234	-	- 3/	(835)	(216,234)
4. Installment Acquisition Payments	-	140,640	-	118,108	-	127,531	-	9,423
5. Construction of Lease Purchase Fac	-	270,634	-	462,220	-	138,793	-	(323,427)
6. Redemption of PC Debt	-	327,708	-	52,624	-	0	-	(52,624)
7. Rental of Space	-	1,928,161	-	2,149,554	-	2,223,624	-	74,070
8. Building Operations								
a) Cleaning	1,246	188,187	1,359	205,728	1,345	213,182	(14)	7,454
b) Utilities/Fuel	-	194,941	-	225,879	-	239,962	-	14,083
c) Maintenance	1,760	172,502	1,820	172,977	1,802	186,153	(18)	13,176
d) Other Building Services	1,929	155,838	1,775	161,479	1,741	168,247	(34)	6,768
e) Fire and Lifesafety	131	19,467	137	15,127	135	15,347	(2)	220
f) Protection	1,148	81,386	1,276	81,243	1,250	87,823	(26)	6,580
g) Other Staff Support	2,027	135,487	1,729	118,691	2,988	352,858	1,259	234,167
h) Delegated Buildings	-	185,945	-	205,193	-	-	-	(205,193)
i) ADP Support	-	33,368	-	39,768	-	60,117	-	20,349
j) Centralized Services	-	-	-	-	-	-	-	-
Subtotal, Building Operations	8,241	1,167,121	8,096	1,226,085	9,261	1,323,689	1,165	97,604
9. Program Direction								
a) Overall Direction	544	39,119	479	39,834	-	-	(479)	(39,834)
b) Centralized Services	-	78,608	-	87,403	-	-	-	(87,403)
c) ADP Support	-	22,353	-	29,376	-	-	-	(29,376)
Subtotal, Program Direction	544	140,080	479	156,613	-	0	(479)	(156,613)
10. Reimbursable	321	441,533	400	588,303	343	496,646	(57)	(91,657)
TOTAL PROGRAM (Direct & Reimbursable)	9,887	5,289,087	9,810	7,323,691	9,604	6,304,569	(206)	(1,019,122)
PERMANENT POSITIONS								
Direct	8,992		8,898		8,712		(186)	
Reimbursable	375		371		363		(8)	
Total	9,367		9,269		9,075		(194)	
TOTAL NET OUTLAYS		572,687		830,430		528,297		(302,133)

1/ Includes $40,858 thousand for Design and Construction obligations.
2/ Includes $54,209 thousand for Design and Construction obligations.
3/ Beginning in FY 95 Design and Construction obligations have been merged with the Construction and Acquisition and Repairs and Alterations Line Item Accounts.

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Exhibit 3

General Services Administration
PUBLIC BUILDINGS SERVICE

FEDERAL BUILDINGS FUND
Obligations by Object Class
(With Rescission)
($ Thousands)

		FY 1993 Actual	FY 1994 Current	FY 1995 Request
	Personnel Compensation:			
11.1	Full-time permanent	368,941	387,784	374,241
11.3	Other than full-time permanent	6,061	6,803	6,715
11.5	Other personnel compensation	10,260	11,994	11,954
11.9	Total personnel compensation	385,262	406,581	392,910
12.1	Civilian personnel benefits	88,446	84,213	83,516
13.0	Benefits for former personnel	648	2,250	2,306
21.0	Travel and transportation of persons	7,868	7,873	9,542
21.0	Motor pool travel	4,328	3,769	3,867
22.0	Transportation of things	2,520	3,974	4,077
23.2	Rental payments to others	1,928,161	2,149,554	2,223,624
23.3	Communications, utilities, and miscellaneous charges	329,037	339,528	262,300
24.0	Printing and reproduction	7,627	7,553	7,118
25.1	Consulting services	323	300	300
25.2	Other services	1,884,387	3,669,697	2,979,908
26.0	Supplies and materials	68,368	164,789	166,230
31.0	Equipment	35,472	11,737	16,962
32.0	Land and structures	398,694	248,327	13,685
41.0	Grants, subsidies and contributions	36,008	30,509	2,911
42.0	Insurance claims and indemnities	123	73	404
43.0	Interest and dividends	111,815	192,964	134,909
	Total Obligations	5,289,087	7,323,691	6,304,569

Exhibit 4

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

[For additional expenses necessary to carry out the purpose of the Fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)), $288,486,000, to be deposited into said Fund.] The revenues and collections deposited into the Fund shall be available for necessary expenses of real property management and related activities not otherwise provided for, including operation, maintenance, and protection of federally owned and leased buildings; rental of buildings in the District of Columbia; restoration of leased premises; moving governmental agencies (including space adjustments and telecommunications relocation expenses) in connection with the assignment, allocation and transfer of space; contractual services incident to cleaning or servicing buildings, and moving; repair and alteration of federally owned buildings including grounds, approaches and appurtenances; care and safeguarding of sites; maintenance, preservation, demolition, and equipment; acquisition of buildings and sites by purchase, condemnation, or as otherwise authorized by law; acquisition of options to purchase buildings and sites; conversion and extension of federally owned buildings; preliminary planning and design of projects by contract or otherwise; construction of new buildings (including equipment for such buildings); and payment of principal, interest, taxes, and any other obligations for public buildings acquired by installment purchase and purchase contract, in the aggregate amount of [$5,251,117,306] of which (1) [not to exceed

established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f))

$4,487,070,000,

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General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

$925,027,306 shall remain available until expended for construction of additional projects at locations and at maximum construction improvement costs (including funds for sites and expenses) as follows:

New Construction:

Alabama:

Montgomery, U.S. Courthouse Annex, $13,091,000

Arkansas:

Little Rock, Old Law School Building Expansion/Alteration, $13,816,040

Arizona:

Phoenix, U.S. Courthouse, $120,000,000

Safford, a grant to the U. S. Forest Service for Administrative Offices and Cultural Center, $5,000,000

Sierra Vista, U. S. Magistrates Office, $1,000,000

California:

Sacramento, Federal Building and U.S. Courthouse, $143,082,450

San Jose, Federal Office Building, claim, $1,828,680

Santa Ana, Federal Building and U.S. Courthouse, $103,000,000

Florida:

Jacksonville, U.S. Courthouse, site acquisition and design, $6,070,120

Tampa, U.S. Courthouse, $66,696,840

Georgia:

Atlanta, Centers for Disease Control,

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PUBLIC BUILDINGS SERVICE
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REAL PROPERTY ACTIVITIES
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Laboratory and office building, $12,000,000
Augusta, U.S. Courthouse, $1,000,000
Indiana:
Hammond, U.S. Courthouse, $49,980,000
Iowa:
Burlington, Federal Parking Facility, design and construction, $2,400,000
Maryland:
Bowie, Bureau of the Census, Computer Center, $27,915,000
Montgomery and Prince George's Counties, Food and Drug Administration, consolidation, site acquisition, planning and design, construction, $73,921,000
Massachusetts:
Boston, Federal Building and U.S. Courthouse, $18,620,000
Missouri:
Cape Girardeau, Federal Office Building and U.S. Courthouse, $3,822,000
Kansas City, U.S. Courthouse, $16,000,000
St. Louis, U.S. Courthouse, $24,000,000
Nebraska:
Omaha, Federal Building and U.S. Courthouse, $9,361,940
New Jersey:
Newark, Martin Luther King, Jr. Federal Building and U.S. Courthouse, escalation, $4,293,576
New York:
Brooklyn, U.S. Courthouse, $29,400,000

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PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

Rochester, Federal center, in addition to the amount previously provided for this purpose under this heading in Public Law 101-509, $5,000,000

North Carolina:

Federal Research Park, Environmental Protection Agency Facility, $8,800,000

North Dakota:

Pembina, Border Station, $96,000

Ohio:

Youngstown, Federal Building, and U.S. Courthouse, site acquisition and design, $4,630,500

Oregon:

Portland, U.S. Courthouse, $96,390,000

Pennsylvania:

Scranton, Federal Building and U.S. Courthouse Annex, site acquisition and design, $12,093,000

Texas:

Laredo, Federal Building and U. S. Courthouse, $2,986,060

Vermont:

Highgate Springs, Border Station, $6,851,000

Washington:

Lynden, Federal Building, claim, $357,000

West Virginia:

Wheeling, Federal Building and U.S. Courthouse, including renovations to the existing facility, $36,000,000

Nonprospectus construction projects, $5,525,000:

Provided, That the funds $5,000,000 for

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

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nonprospectus construction projects made available in Public Law 102-393 for flexiplace work telecommuting centers, is hereby increased by $1,000,000 from the funds made available in this Act for nonprospectus construction projects, all of which shall remain available until expended, for the acquisition, lease, construction, and equipping of four flexiplace work telecommuting centers, one of which shall be in Southern Maryland, one of which shall be in northwestern Virginia, one of which shall be in Hagerstown, Maryland, and one of which shall be in Fredericksburg, Virginia: Provided further, That each of the immediately foregoing limits of costs on new construction projects may be exceeded to the extent that savings are effected in other such projects, but by not to exceed 10 per centum: Provided further, That all funds for direct construction projects shall expire on September 30, 1995, and remain in the Federal Buildings Fund except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date: Provided further, That of the amount made available under this heading for the Northern Virginia Naval Systems Commands, in Public Law 101-509, $185,344,000, is hereby rescinded: Provided further, That the amount made available under the heading "New Construction" in Public Law 102-393, for Hilo, Hawaii, shall be available for payment to a public entity in the State of Hawaii for the construction of facilities to house governmental agencies; the governmental agencies to be housed shall be designated by the Administrator of General

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PUBLIC BUILDINGS SERVICE
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REAL PROPERTY ACTIVITIES
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Services and such agencies shall be housed rent free, exclusive of operating expenses: Provided further, That claims against the Government of less than $100,000 arising from direct construction projects, acquisitions of buildings and purchase contract projects pursuant to Public Law 92-313, be liquidated with prior notification to the Committees on Appropriations of the House and Senate to the extent savings are effected in other such projects; (2)] not to exceed [$523,782,000]√, which shall remain available until expended, for repairs and alterations,√ Provided [further], That funds in the Federal Buildings Fund for Repairs and Alterations shall, for prospectus projects, be limited to the amount by project as follows, except each project may be increased by an amount not to exceed 10 per centum unless advance [approval is obtained from]√ the Committees on Appropriations of the House and Senate of a greater amount:

Repairs and Alterations:

[Alaska:

Juneau, U.S. Post Office and Courthouse, escalation, $4,082,000

California:

Richmond, SSA Service Center, $3,742,000

San Diego, Federal Building and U. S. Courthouse, $11,023,000

District of Columbia:

Central and West Heating Plants, $11,141,000

Federal Office Building 6, $56,500,000√

$812,226,000

which, beginning with fiscal year 1995 and in subsequent years, includes associated design and construction services:

notice is transmitted to

California:

Los Angeles, U.S. Post Courthouse, $24,910,000

Menlo Park, USGS Building 3, $7,631,000

Sacramento, Federal Building $16,574,000

San Pedro, Custom House $5,429,000

Colorado:

Denver, Federal Building and Custom House $8,896,000

District of Columbia:

Ariel Rios-Facades, $3,946,000

Customs/ICC/Connecting Wing Complex (phase 1), $9,662,000

National Courts, $4,588,000

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REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

Georgia:
Atlanta, Martin Luther King Jr., Federal Building, $10,063,000
Illinois:
Chicago, Federal Records Center, $3,379,000
Chicago, John C. Kluczynski Jr., Federal Building, $13,414,000
Indiana:
Jeffersonville, Federal Center, $13,522,000
Maryland:
Baltimore, George H. Fallon Federal Building, escalation, $4,645,000
Woodlawn, SSA Operations Building, $14,892,000
Massachusetts:
Boston, John F. Kennedy Federal Building (phase 3), $19,200,000
New Jersey:
Newark, Federal Building, 20 Washington Place, $14,000,000
New York:
New York, Federal Building, 201 Varick St., $8,886,000
New York, Jacob K. Javits Federal Building (phase 2), $14,171,000
Nationwide:
Elevators, $27,022,000
Energy Retrofit Projects, $7,000,000
Facade Alterations, $10,000,000:
Provided, That of the funds appropriated for Energy Retrofit Projects, $6,000,000, may be used to procure and install phosphoric acid fuel cells in GSA installations.

Illinois:
Chicago, Federal Center, $52,982,000
Maryland:
Baltimore, George H. Fallon Federal Building (phase 3), $17,179,000
Woodlawn, SSA East High-Low Rise Buildings, $19,212,000
New Jersey:
Trenton, Clarkson S. Fisher Courthouse, $15,675,000
New York:
Holtsville, IRS Service Center, $21,313,000
New York, Jacob K. Javits Federal Building, $2,891,000
New York, Silvio V. Mollo Federal Building $963,000
North Carolina:
Asheville, Federal Building and U.S. Courthouse, $7,052,000
Ohio:
Cleveland, Anthony J. Celebreeze Federal Building $12,192,000
Oklahoma:
Oklahoma City, Alfred P. Murrah Federal Building, $5,878,000
Pennsylvania:
Harrisburg, Federal Building and U.S. Courthouse $16,903,000
Philadelphia, Byrne-Green Complex $34,028,000
Philadelphia, R.N.C. Nix, Sr., Federal Building and U.S. Courthouse (phase 3), $14,730,000

Exhibit 4

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PUBLIC BUILDINGS SERVICE
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REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

Capital Improvements of United States-Mexico, border facilities, $6,800,000 as follows:
Arizona:
Lukeville, commercial lot expansion, $3,050,000
San Luis, commercial office space, $209,000
San Luis primary lane expansion and administrative office space, $3,541,000.]

Texas:
Lubbock, Federal Building and U.S. Courthouse, $13,517,000
Virginia:
Richmond, U.S. Courthouse and Annex, $13,899,000
Nationwide:
Chlorofluorocarbons Program, $104,520,000
Energy Program, $50,803,000
Advance Design, $21,685,000

Minor Repairs and Alterations, [$270,300,000] $305,168,000
Provided, That additional projects for which prospectuses have been fully approved may be funded under this category only if advance [approval is obtained from] notice is transmitted to the Committees on Appropriations of the House and Senate: Provided further, That the difference between the funds appropriated and expended on any projects in this or any prior Act, under the heading "Repairs and Alterations", may be transferred to Minor Repairs and Alterations or used to fund authorized increases in prospectus projects: Provided further, That all funds for repairs and alterations prospectus projects shall expire on September 30, [1995] 1996 and remain in the Federal Buildings Fund except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date: Provided further, That the amount provided in this or any prior Act for Minor Repairs and Alterations may be used to pay claims against the Government arising from any projects under the heading "Repairs and Alterations" or used to fund authorized increases in prospectus projects; [(3)] (2) not to exceed

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General Services Administration
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FEDERAL BUILDINGS FUND

REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

[$118,108,000] for installment acquisition payments including payments on purchase contracts; [(4)] not to exceed [$2,117,421,000] for rental of space; [(5)] not to exceed [$1,226,085,000] for [real property] operations; [(6) not to exceed $156,613,000 for program direction and centralized services; and (7) not to exceed $184,081,000 for design and construction services which shall remain available until expended: Provided further, That of the funds provided in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act for fiscal year 1994 for the modernization of the Beltsville Agricultural Research Center, the Department of Agriculture may provide up to $6,000,000 to a nonprofit entity towards the cost of construction of a facility to house microbial collections of the Government under such terms as the Department determines are appropriate: Provided further, That the Department is authorized to make available sufficient space at the Beltsville Agricultural Research Center, at such terms as the Department determines are appropriate, for construction of such a facility]: Provided further, That for the purposes of this authorization, buildings constructed pursuant to the purchase contract authority of the Public Buildings Amendments of 1972 (40 U.S.C. 602a), buildings occupied pursuant to installment purchase contracts, and buildings under the control of another department or agency where alterations of such buildings are required in connection with the moving of such other

$127,531,000
(3)
$2,223,624,000
and (4)
$1,323,689,000
building

Exhibit 4

General Services Administration
PUBLIC BUILDINGS SERVICE
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REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

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department or agency from buildings then, or thereafter to be, under the control of the General Services Administration shall be considered to be federally owned buildings: Provided further, That none of the funds available to the General Services Administration, except for the line-item construction and repairs and alterations projects in this Act shall be available for expenses in connection with any construction, repair, alteration, and acquisition project for which a prospectus, if required by the Public Buildings Act of 1959, as amended, has not been approved, except that necessary funds may be expended for each project for required expenses in connection with the development of a proposed prospectus: [Provided further, That no funds shall be made available for leases, line-item construction, repairs, or alterations projects in this Act, with the exception of the Safford, Arizona and Rochester, New York projects, that are subject to section 7(a) of the Public Buildings Act of 1959 (40 U.S.C. 606(a)) prior to February 1, 1994, unless the projects are approved by the House Committee on Public Works and Transportation and the Senate Committee on Environment and Public Works: Provided further, That subject to the exceptions contained in the preceding proviso, in no case shall such funds be made available for any lease, line-item construction, repair, or alterations project referred to in the preceding proviso if prior to February 1, 1994, the lease, line-item construction, repair, or alterations project has been disapproved by the House Committee on Public Works and Transportation or the Senate

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General Services Administration
PUBLIC BUILDINGS SERVICE
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REAL PROPERTY ACTIVITIES
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Committee on Environment and Public Works: Provided further, That the Administrator of General Services shall submit detailed information on each lease, line-item construction, repair, and alterations project in this Act that is subject to section 7(a) of the Public Buildings Act of 1959 (40 U.S.C. 606(a)) to the House Committee on Public Works and Transportation and the Senate Committee on Environment and Public Works no later than 30 days after the date of enactment of this Act:] Provided further, That funds available in the Federal Buildings Fund may be expended for emergency repairs when [advances approval is obtained from]✓ advance notice is transmitted to the Committees on Appropriations of the House and Senate: Provided further, That amounts necessary to provide reimbursable special services to other agencies under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)(6)) and amounts to provide such reimbursable fencing, lighting, guard booths, and other facilities on private or other property not in Government ownership or control as may be appropriate to enable the United States Secret Service to perform its protective functions pursuant to 18 U.S.C. 3056, as amended, shall be available from such revenues and collections: Provided further, That revenues and collections and any other sums accruing to this Fund during fiscal year 1995 [1994],✓ excluding reimbursements under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)(6)) in excess of $4,487,070,000 [$5,251,117,306]✓ shall

Exhibit 4

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE

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remain in the Fund and shall not be available for expenditure except as authorized in appropriations Acts. (Independent Agency Appropriations Act, 1994.)

Exhibit 4

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

Explanation of Changes In Appropriation Language for FY 1995

The FY 1995 Federal Buildings Fund proposed language includes three changes from previously enacted legislation:

1) The proposed language eliminates the requirement to fund the Construction and Acquisition of Facilities activity from the Federal Buildings Fund. A direct appropriation is proposed to fund a new account, Construction and Acquisition.

2) The proposed language eliminates the Design and Construction Services (D&C) activity. Design and Management and Inspection costs associated with projects will be funded with the Repairs and Alterations (R&A) activity or Construction and Acquisition appropriation.

3) The proposed language combines the program direction, real property operations, and the D&C salaries and technical services into one budget activity (Building Operations, formerly called Real Property Operations). This change will provide increased flexibility for administrative resources and reduce the requirements for reprogramming actions.

4) The proposed language changes the requirement from "advance approval is obtained from" the Committees on Appropriations for the addition of repairs and alterations projects and project escalations exceeding ten percent, to "advance notice thereof is transmitted to" the Committees on Appropriations for these actions. While the Committees will still retain control over the projects, this change will allow GSA to complete its Repairs and Alterations program in a more timely and responsive manner when additional work is necessary. Further, the decision by the Supreme Court in INS v. Chada declared the practice of Congress delegating its approval powers to a Committee or Committees of Congress unconstitutional.

5) The proposed language changes the requirement from advance "approval is obtained from" to "notice thereof is transmitted to" the Committees on Appropriations for emergency repairs. This change will allow GSA to perform emergency repairs in a more timely and responsive manner. Further, the decision by the Supreme Court in INS v. Chada declared the practice of Congress delegating its approval powers to a Committee or Committees of Congress unconstitutional.

Exhibit 5

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
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PERFORMANCE AND WORKLOAD MEASURES

RENTAL OF SPACE

	Fiscal Year 1993	1994	1995
Total Number of Leases	6,781	7,193	7,251
Personnel in Gov't-Owned/Leased Space (000)	1,089	1,137	1,162
Obligations (Millions)	$1,928	$2,149	$2,224
Office Space Utilization Rate	144	144	144

INSTALLMENT ACQUISITION PAYMENTS

	Fiscal Year 1993	1994	1995
Number of Projects Completed	65	66	70
Total Payments (Millions)	$141	$118	$128
Projects Under Construction	8	7	7
Obligations - Lease Purchase Facilities (Millions)	$271	$462	$139

REPAIRS & ALTERATIONS

	Fiscal Year 1993	1994	1995
New Starts - Design & Line Item	39	47	56
Projects Under Construction (# of Projects)	95	108	99
Modernization Projects Initiated (# of Projects)	16	6	12
Total Workload Inventory (Millions)	$244	$799	$1,055

Exhibit 6

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

PERFORMANCE AND
WORKLOAD MEASURES

Rental of Space

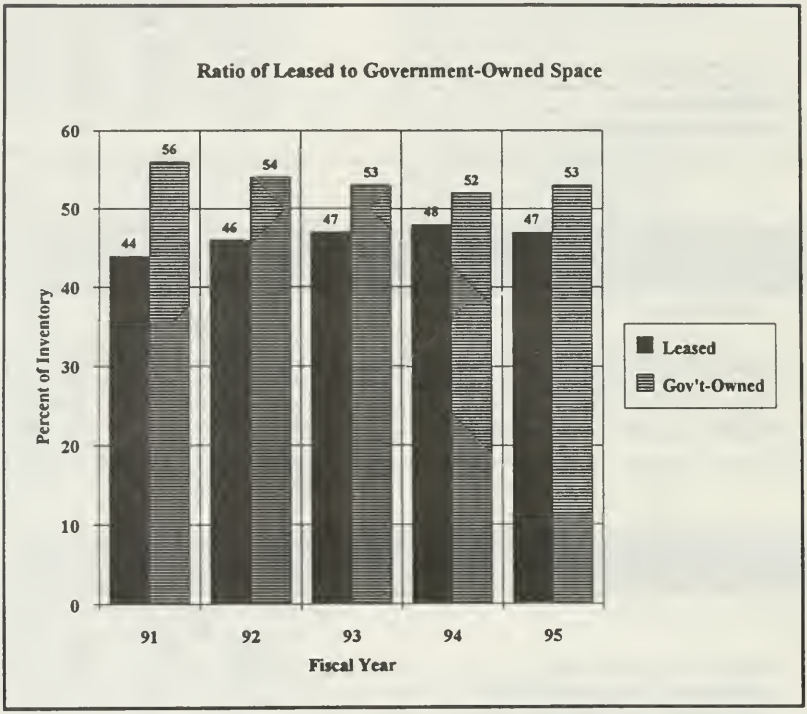
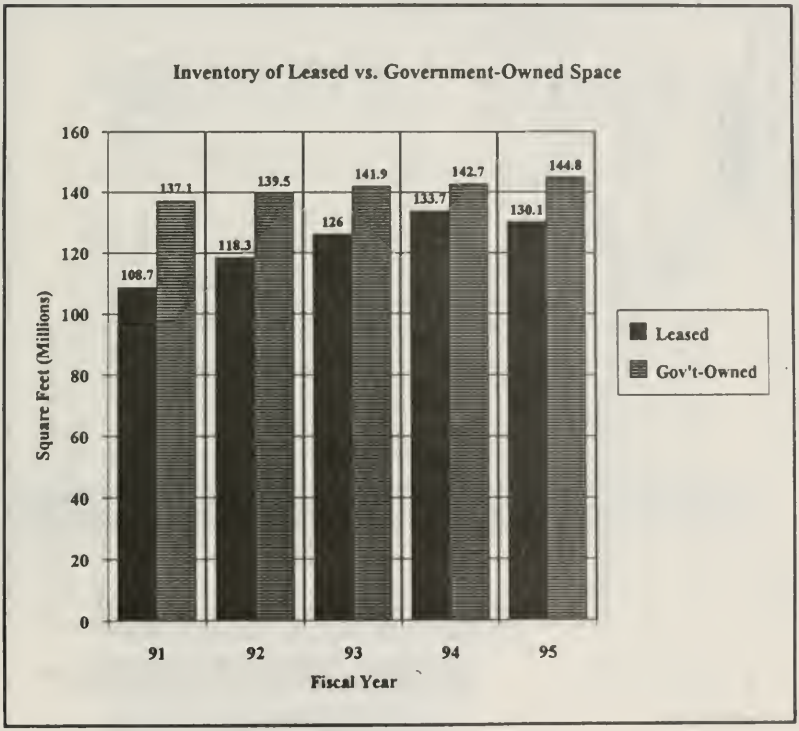


Exhibit 7

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

PERFORMANCE AND
WORKLOAD MEASURES

Rental of Space



General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

RENTAL OF SPACE
WORKLOAD FACTORS
(Square Feet in Thousands)

	FY 1993 ACTUAL	FY 1994 PROGRAM	FY 1995 REQUEST	1994 VS. 1995 AMOUNT	% CHANGE
TOTAL SPACE IN INVENTORY (SQ. FT.)*	267,960	276,364	274,904	(1,460)	-1%
ASSIGNED**	246,699	257,714	258,654	940	0%
VACANT	21,261	18,650	16,250	(2,400)	-13%
% OF TOTAL SPACE IN INVENTORY					
GOVERNMENT-OWNED	53%	52%	53%		
LEASED	47%	48%	47%		
GOVERNMENT-OWNED INVENTORY (SQ. FT.)	141,927	142,680	144,829	2,149	2%
ASSIGNED**	124,628	127,130	131,229	4,099	3%
VACANT	17,299	15,550	13,600	(1,950)	-13%
LEASED SPACE INVENTORY (SQ. FT.)***	126,033	133,684	130,075	(3,609)	-3%
ASSIGNED**	122,071	130,584	127,425	(3,159)	-2%
VACANT	3,962	3,100	2,650	(450)	-15%
PERSONNEL	1,088,821	1,137,436	1,162,316	24,880	2%
NUMBER OF LEASES	6,781	7,193	7,251	58	1%

* Does not include outside parking
** Includes PBS space which is exempted from RENT
*** Includes space in USPS facilities

The fiscal year 1995 end of year inventory will be higher than the amounts shown to the extent that GSA utilizes the indefinite authority for expansion space contained in the FY 1993 Appropriations Act, (P.L. 102-393). We estimate use of this authority to deliver an additional 4,697,100 square feet at an estimated FY 1995 cost of $51,297,200.

Exhibit 9

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

PERFORMANCE AND
WORKLOAD MEASURES

Building Operations

Selected Functional Data

	Fiscal Year 1993	1994	1995
Average Occupiable Sq. Ft. (Thousands):			
Cleaning	198	201	164
Utilities and Fuel	238	242	201
Maintenance	194	197	159
Other Building Services	257	257	210
Protection	272	273	269

	Fiscal Year 1993	1994	1995
Unit Cost Per Sq. Ft.:			
Cleaning	$1.24	$1.33	$1.30
Utilities and Fuel	$1.16	$1.30	$1.19
Maintenance	$1.08	$1.08	$1.17
Other Building Services	$0.65	$0.68	$0.80
Protection	$0.30	$0.30	$0.33

Cost of operation, maintenance, and repair of buildings delegated to tenant agencies deleted from FY 1995 estimate.

Material Recycling Program

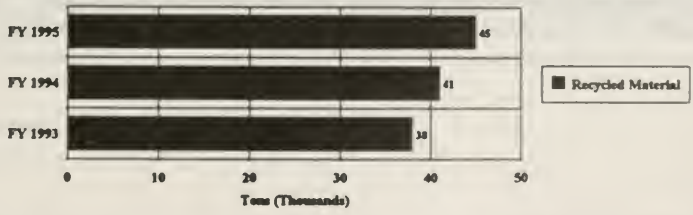


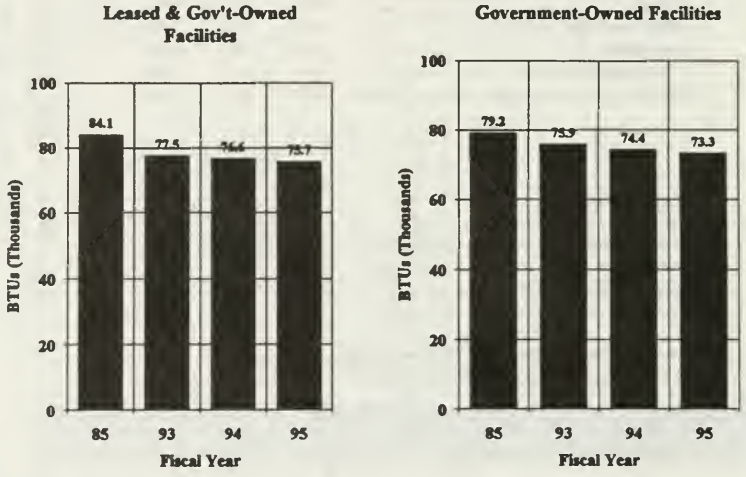
Exhibit 10

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

PERFORMANCE AND
WORKLOAD MEASURES

Building Operations

Energy Consumption



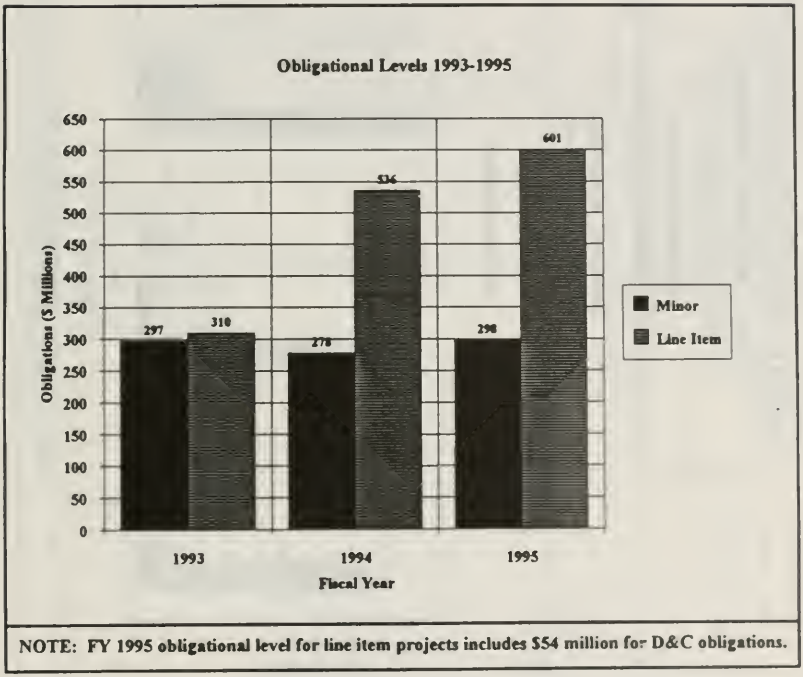
The charts above compare energy consumption for 3 selected years to the fiscal year 1985 baseline. Energy usage is expressed in British Thermal Units (BTUs) per square foot.

Exhibit 11

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

PERFORMANCE AND
WORKLOAD MEASURES

Repairs and Alterations

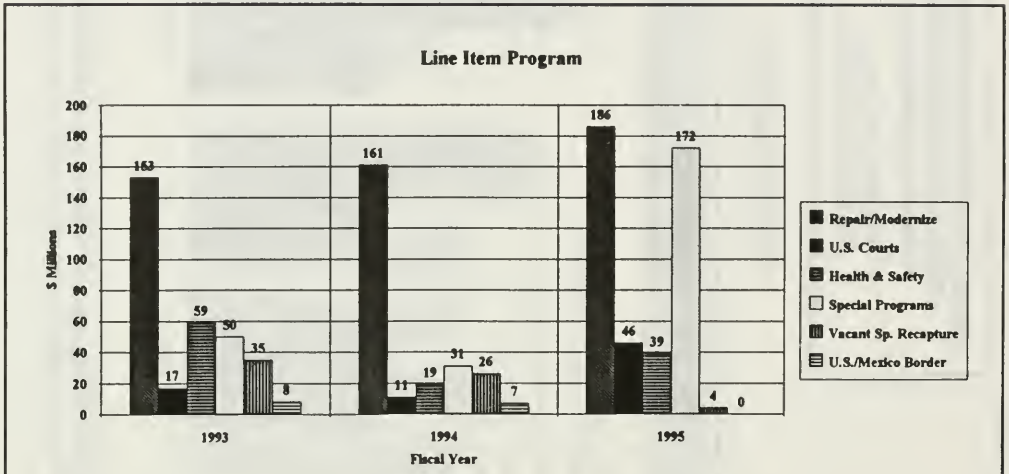


NOTE: FY 1995 obligational level for line item projects includes $54 million for D&C obligations.

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

PERFORMANCE AND WORKLOAD MEASURES

Repairs & Alterations
New Obligational Authority



NOTE: Amounts do not include the design management and inspection funding.

General Services Administration
PUBLIC BUILDINGS SERVICE

REPAIRS AND ALTERATIONS
SUMMARY OF FY 1995 PROGRAM
(Dollars in Thousands)

IN PRIORITY ORDER

	ESTIMATED TOTAL PROJECT COST				FY 1995 REQUEST			
	DESIGN	CONSTRUCTION	M&I	TOTAL	DESIGN	CONSTRUCTION	M&I	TOTAL
CONSTRUCTION								
Non prospectus repairs and alterations projects	24,141	263,687	17,340	305,168	24,141	263,687	17,340	305,168
Cleveland, OH, A J Celebrezze FB (Elevators)*	112	11,711	369	12,192	112	11,711	369	12,192
Oklahoma City, OK, Alfred P Murrah FB	540	5,438	440	6,418	-	5,438	440	5,878
San Pedro, CA, CU (300 South Ferry St)	500	4,988	441	5,929	-	4,988	441	5,429
Washington, DC, Ariel Rios-Facades	350	3,628	318	4,296	-	3,628	318	3,946
Washington, DC, National Courts	365	3,963	511	4,839	114	3,963	511	4,588
Energy Program (various locations)	23,748	264,000	17,070	304,818	3,958	44,000	2,845	50,803
Chlorofluorocarbons Program (various locations)*	7,350	700,000	24,290	731,640	1,050	100,000	3,470	104,520
Woodlawn, MD, SSA East High-Low	1,388	17,873	1,339	20,600	-	17,873	1,339	19,212
Chicago, IL, FC	3,265	49,953	3,029	56,247	-	49,953	3,029	52,982
Los Angeles, CA, CT (312 No Spring)	1,734	22,989	1,921	26,644	-	22,989	1,921	24,910
Holtsville, NY, IRS Service Ctr	1,499	19,658	1,598	22,755	57	19,658	1,598	21,313
Richmond, VA, CT and Annex	1,095	12,919	980	14,994	-	12,919	980	13,899
Denver, CO, FB-CU	774	8,238	658	9,670	-	8,238	658	8,896
Philadelphia, PA, R N C Nix, Sr FB-CT - Ph 3	1,057	13,694	1,036	15,787	-	13,694	1,036	14,730
Harrisburg, PA, FB-CT	1,287	15,593	1,175	18,055	135	15,593	1,175	16,903
Trenton, NJ, Clarkson S Fisher CT	1,210	14,523	1,097	16,830	55	14,523	1,097	15,675
Washington, DC, Customs/ICC/CW-Ph 1	878	8,983	679	10,540	-	8,983	679	9,662
Lubbock, TX, FB-CT	1,086	12,531	986	14,603	-	12,531	986	13,517
Philadelphia, PA, Byrne-Green Complex	2,254	31,500	2,262	36,016	266	31,500	2,262	34,028
Menlo Park, CA, USGS Bldg 3	756	6,901	601	8,258	129	6,901	601	7,631
Baltimore, MD, George H Fallon FB (Phase 3)	3,281	40,769	3,138	47,188	1,237	14,823	1,119	17,179
Sacramento, CA, FB (2800 Cottage Way)	2,412	28,628	2,364	33,404	568	14,612	1,394	16,574
Asheville, NC, FB-CT	614	6,483	503	7,600	66	6,483	503	7,052
NYC, NY, J K Javits FB (Includes demolition)**	1,269	13,830	1,138	16,237	1,269	1,500	122	2,891
NYC, NY, Silvio Mollo FB (Includes demolition)**	522	4,699	402	5,623	522	400	41	963
Subtotal this page	83,487	1,587,179	85,685	1,756,351	33,679	710,588	46,274	790,541

* Design/build

** Demolition for these projects initiate the construction phase but they also include advance design.

General Services Administration
PUBLIC BUILDINGS SERVICE

REPAIRS AND ALTERATIONS
SUMMART OF FY 1995 PROGRAM
(Dollars in Thousands)

IN PRIORITY ORDER

	ESTIMATED TOTAL PROJECT COST				FY 1995 REQUEST			
	DESIGN	CONSTRUCTION	M&I	TOTAL	DESIGN	CONSTRUCTION	M&I	TOTAL
ADVANCE DESIGN*								
Philadelphia, PA, SSA Mid-Atlantic Program Service Center....	1,003	11,667	888	13,558	1,003	-	-	1,003
San Francisco, CA, Appraisers Building.....	1,547	16,616	1,407	19,570	1,547	-	-	1,547
Chicago, IL, J C Kluczynski, Jr, FB	1,160	13,606	1,044	15,810	1,160	-	-	1,160
Little Rock, AR, FB	730	7,632	612	8,974	730	-	-	730
Columbia, SC, Strom Thurmond FB	1,187	14,581	1,098	16,866	1,187	-	-	1,187
San Diego, CA, FB-CT.....	1,141	11,457	984	13,582	1,141	-	-	1,141
Dallas, TX, FB (525 Griffin St)	575	5,697	460	6,732	575	-	-	575
Andover, MA, IRS Service Center	1,688	19,219	1,563	22,470	1,688	-	-	1,688
Woodlawn, MD, Annex Building.....	1,844	24,262	1,790	27,896	1,844	-	-	1,844
Richland, WA, FB/PO/CT.....	2,208	28,489	2,174	32,871	2,208	-	-	2,208
Raleigh, NC, FB/PO/CT	1,891	26,326	1,898	30,115	1,891	-	-	1,891
Bismarck, ND, FB/PO/CT.....	701	7,205	579	8,485	701	-	-	701
Washington, DC, Old EOB.....	2,910	43,000	2,670	48,580	2,910	-	-	2,910
Chamblee, GA, IRS Service Center	1,538	20,141	1,493	23,172	1,538	-	-	1,538
Manchester, NH, Norris Cotton FB	959	9,610	802	11,371	959	-	-	959
Portland, OR, Pioneer CT.....	603	5,825	473	6,901	603	-	-	603
Subtotal this page	21,685	265,333	19,935	306,953	21,685	0	0	21,685
Total Repairs and Alterations	105,172	1,852,512	105,620	2,063,304	55,364	710,588	46,274	812,226
Line Items	59,346	1,323,492	68,345	1,451,183	9,538	446,901	28,934	485,373
Non-line Item R&A	24,141	263,687	17,340	305,168	24,141	263,687	17,340	305,168
Advance Design Projects	21,685	265,333	19,935	306,953	21,685			21,685

* Construction funding will be requested in a future year.

General Services Administration
PUBLIC BUILDINGS SERVICE

REPAIRS AND ALTERATIONS
SUMMARY OF FY 1995 PROGRAM
(Dollars in Thousands)

	Repair/ Modernization	HEALTH AND SAFETY WORK			Vacant Space Recapture	Courts	Special Programs	Construct Subtotal	Design and M&I	TOTAL REQUEST
		Asbestos Abatement	Other	TOTAL						
NON-LINE ITEM PROGRAM	157,998	8,387	13,756	22,143	33,290	26,050	24,206	263,687	41,481	305,168
LINE ITEM PROJECTS (IN PRIORITY ORDER)										
Cleveland, OH, A J Celebrezze FB (Elev) *	11,711							11,711	481	12,192
Oklahoma City, OK, Alfred P Murrah FB	5,438							5,438	440	5,878
San Pedro, CA, CU (300 South Ferry St)	2,750		2,122	2,122			116	4,988	441	5,429
Washington, DC, Ariel Rios-Facades							3,628	3,628	318	3,946
Washington, DC, National Courts			3,963	3,963				3,963	625	4,588
Energy Program (various locations)							44,000	44,000	6,803	50,803
Chlorofluorocarbons Program (various locations) *							100,000	100,000	4,520	104,520
Woodlawn, MD, SSA East High-Low	14,097	2,049	609	2,658			1,116	17,873	1,339	19,212
Chicago, IL, FC	49,953							49,953	3,029	52,982
Los Angeles, CA, CT (312 No Spring)	11,644	1,522		1,522		6,781	3,042	22,989	1,921	24,910
Holtsville, NY, IRS Service Ctr	16,058		900	900			2,700	19,658	1,655	21,313
Richmond, VA, CT and Annex	3,135		3,384	3,384		6,400		12,919	980	13,899
Denver, CO, FB-CU	3,806	806	816	1,622			2,810	8,238	658	8,896
Philadelphia, PA, R N C Nix, Sr FB-CT - Ph 3		354	272	626		13,068		13,694	1,036	14,730
Harrisburg, PA, FB-CT	6,768	1,725		1,725	2,575	4,100	425	15,593	1,310	16,903
Trenton, NJ, Clarkson S. Fisher CT	10,833	695	305	1,000		514	2,176	14,523	1,152	15,675
Washington, DC, Customs/ICC/CW-Ph 1	8,983							8,983	679	9,662
Lubbock, TX, FB-CT	4,556	3,564	1,743	5,307	1,000	1,668		12,531	986	13,517
Philadelphia, PA, Byrne-Green Complex	18,585		265	265		12,650		31,500	2,528	34,028
Menlo Park, CA, USGS Bldg 3	4,174	381	348	729			1,998	6,901	730	7,631
Baltimore, MD, George N Fallon FB (Phase 3)	3,136	9,511		9,511			2,176	14,823	2,356	17,179
Sacramento, CA, FB (2800 Cottage Way)	5,283	602	1,556	2,158			7,171	14,612	1,962	16,574
Asheville, NC, FB-CT	3,500	1,266	234	1,500		707	776	6,483	569	7,052
NYC, NY, J K Javits FB (Includes demolition)	1,500							1,500	1,391	2,891
NYC, NY, Silvio Mollo FB (Includes demolition)	400							400	563	963
LINE ITEM SUBTOTAL	186,310	22,475	16,517	38,992	3,575	45,888	172,136	446,901	38,472	485,373
R&A CONSTRUCTION PROGRAM SUBTOTAL	344,308	30,862	30,273	61,135	36,865	71,938	196,342	710,588	79,953	790,541
DESIGN (LINE ITEM)									21,685	21,685
TOTAL R&A PROGRAM	344,308	30,862	30,273	61,135	36,865	71,938	196,342	710,588	101,638	812,226

* Design/build

FBF-34

Exhibit 15

REPAIRS AND ALTERATIONS
DESCRIPTIONS FOR PROJECTS SCHEDULED FOR FY 1995 CONSTRUCTION

CALIFORNIA

Los Angeles, U.S. Courthouse.....$24,910,000

This building at 312 North Spring Street, constructed in 1938, provides a gross area of 792,815 square feet and an occupiable area of 487,036 square feet. This building is listed on the National Register of Historic Places.

This modernization project will provide for upgrading eight existing courtrooms and constructing two additional courtrooms and chambers on the eighth and the ninth floors. Support space will also be provided consisting of jury rooms, a judge's conference room, attorneys' conference rooms, and a library. Improvements will be made to the heating, ventilation, air-conditioning, electrical, firesafety, elevator, ceiling, and lighting systems. Restrooms and drinking fountains on the eighth and ninth floors will be altered.

Design ($1,734 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($22,989 thousand) and provides $1,921 thousand for management and inspection. The estimated total project cost is $26,644 thousand.

Menlo Park, U.S. Geological Survey Building 3.....$7,631,000

This building, constructed in 1959, provides a gross area of 89,758 square feet and an occupiable area of 71,074 square feet.

This modernization project will provide for upgrading the heating, ventilation, air-conditioning and electrical systems. Interior space improvements include ceilings, lights, flooring, and partitions. A fire sprinkler system will be installed and the existing fire alarm system replaced. Asbestos will be abated as required. All ductwork, piping, and other interior systems will be seismically braced. Uniform Federal Accessibility Standards require installing a passenger elevator, upgrading restrooms and constructing a ramp. A rooftop enclosure and additional restrooms will expand the conference facilities.

Design ($627 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($6,901 thousand) and provides funding of an additional $129 thousand for design due to an increase in the estimated construction cost and $601 thousand for management and inspection. The estimated total project cost is $8,258 thousand.

Sacramento, Federal Building.....$16,574,000

This building, constructed in 1967, provides a gross area of 328,299 square feet and an occupiable area of 237,160 square feet.

This modernization project provides for seismic strengthening and renovation of the main complex. The proposed project will include the installation of interior shear walls; the installation of sprinklers and other lifesafety improvements, partial upgrade to the mechanical and electrical systems designed to increase energy efficiency, improved handicap accessibility, security upgrades, the removal of vinyl asbestos floor tile as required to accomplish the seismic strengthening, and new interior finishes as a result of the seismic work.

Design ($1,844 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. The request of $16,574 thousand will provide $14,612 thousand for construction, $568 thousand for additional design due to an increase in the estimated construction cost and $1,394 thousand for management and inspection. The balance for construction and management and inspection ($14,986 thousand) will be requested in a future year budget. The estimated total project cost is $33,404 thousand.

San Pedro, Federal Building-U.S. Customhouse.....$5,429,000

This building, constructed in 1965, provides a gross area of 210,513 square feet and an occupiable area of 153,675 square feet.

This alteration project will provide for the remodeling of approximately 24,000 occupiable square feet of vacant warehouse space into laboratory space for the U.S. Customs Service Laboratory Division. The enlarged area will incorporate safety features such as the separation of administrative and laboratory duties. The space on the second floor from which the laboratory is relocating will be converted into office space and backfilled with employees of the U.S. Customs Service's District Office.

Design ($500 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($4,988 thousand) and provides $441 thousand for management and inspection. The estimated total project cost is $5,929 thousand.

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

Exhibit 15

REPAIRS AND ALTERATIONS
DESCRIPTIONS FOR PROJECTS SCHEDULED FOR FY 1995 CONSTRUCTION

COLORADO

Denver, Federal Building-U.S. Customhouse $8,896,000

This building, constructed in 1931, provides a gross area of 276,360 square feet and an occupiable area of 162,145 square feet.

This modernization project will complete the upgrading of the interior space in areas of the building that were not covered by previous projects. Improvements will also be made to the building's exterior, including masonry restoration and cleaning and repointing to the terra cotta and marble surfaces. The windows and main entrance doors will be replaced. Interior improvements will include the heating, ventilation, air-conditioning, firesafety, electrical, and elevator systems. Lighting, ceilings, flooring, and space alterations, in addition to energy conservation measures, will be installed. Restroom upgrading will include Uniform Federal Accessibility Standards alterations. Asbestos will be removed in areas effected by the renovation.

Design ($768 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. An additional six thousand dollars required for design due to an increase in the construction estimate will be provided from savings from other projects. This request is for the construction phase ($8,238 thousand) and provides $658 thousand for management and inspection. The estimated total project cost is $9,670 thousand.

DISTRICT OF COLUMBIA

Ariel Rios-Facades.....$3,946,000

This seven-story building, constructed in 1935, is on the National Register of Historic Places. It provides a gross area of 840,912 square feet and an occupiable area of 484,445 square feet.

This alteration project provides for installation of a new exterior surface on the 13th Street facade of the Ariel Rios Building. This new facade will incorporate limestone, granite, and brick detailing. The facade is the last unfinished building facade in the federal triangle. The completed project will present a unified building exterior and will complement the site plan and the plaza between the Ariel Rios and the other Federal Triangle buildings.

Design ($350 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($3,628 thousand) and provides $318 thousand for management and inspection. The estimated total project cost is $4,296 thousand.

Customs/ICC/Connecting Wing Complex-Ph 1.....$9,662,000

This three-building complex consists of the Interstate Commerce Commission (ICC) Building, the U.S. Customs Service Building and the Connecting Wing Building. They were completed in 1934 and are listed on the National Register of Historic Places. They provide a gross area of 1,200,000 square feet and an occupiable area of 627,774 square feet. The buildings are seven stories above ground and the Customs and ICC buildings also contain an attic.

This modernization prospectus is the first of three planned prospectuses to totally modernize the complex. Each prospectus will be designed to stand alone. The first prospectus will provide for the replacement of the major HVAC and electrical equipment in the Connecting Wing and the cooling tower on the roof of the ICC Building. The first phase of the modernization effort will not disrupt or require relocation of the tenants.

Design ($878 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($8,983 thousand) and provides $679 thousand for management and inspection. The estimated total project cost is $10,540 thousand. This is a portion of a larger project included in the FY 1994 design request. The determination as to whether the balance of the original project will continue in the future is currently under review.

National Courts.....$4,588,000

This 10-story building, constructed in 1968, provides a gross area of 245,556 square feet and an occupiable area of 131,886 square feet.

This alteration project provides for the installation of an automatic fire sprinkler system and fire alarm system. The objective is to conform to current fire prevention standards. Installation of the fire sprinkler system will require abatement of asbestos-containing materials that will be disturbed.

Exhibit 15

REPAIRS AND ALTERATIONS
DESCRIPTIONS FOR PROJECTS SCHEDULED FOR FY 1995 CONSTRUCTION

DISTRICT OF COLUMBIA - continued

National Courts (Cont'd)

Design ($251 thousand) in the Design and Construction Services Activity was included in the FY 1990 budget request. This request is for the construction phase ($3,963 thousand) and provides funding of an additional $114 thousand for design due to an increase in the estimated construction cost and $511 thousand for management and inspection. The estimated total project cost is $4,839 thousand.

ILLINOIS

Chicago, Federal Center.....52,982,000

The Federal Center includes three buildings: the John C. Kluczynski Federal Building, the Everett M. Dirksen Federal Building, and the U.S. Post Office Loop Station. These buildings provide a gross area of 2,309,600 square feet and an occupiable area of 1,678,000 square feet.

This modernization project provides for improvements to the Federal Center mechanical systems and elevators and lobby glazing replacement. It also includes conversion from pneumatic to direct digital controls of HVAC systems, refurbishment of air handlers, replacement of chiller plants, replacement of cooling towers, refurbishment of cooling towers and of worn elevator components, installation of new elevator control system and replacement of frames.

Design ($3,265 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($49,953 thousand) and provides $3,029 thousand for management and inspection. The estimated total project cost is $56,247 thousand.

MARYLAND

Baltimore, George H. Fallon Federal Building (Phase 3).....$17,179,000

This 20-story building, constructed in 1967, provides a gross area of 690,625 square feet and an occupiable area of 412,485 square feet.

This modernization project provides for additional work to be performed concurrently with prior year authorizations. The design of the original modernization prospectus identified the need to install energy efficient windows, to perform additional work to the buildings systems, and to abate asbestos in conjunction with the new work proposed.

The request and estimated cost for this phase is $17,179 thousand, including $1,237 thousand for design which was previously unfunded for this phase, $14,823 thousand for construction and $1,119 thousand for management and inspection. In previous years, $30,009 thousand was funded for this project. The estimated total project cost for all phases is $47,188 thousand.

Woodlawn, SSA East High-Low Rise Buildings.....$19,212,000

These two buildings, constructed in 1968, provide a gross area of 226,000 square feet and an occupiable area of 183,000 square feet. The buildings share certain mechanical systems and are linked by an enclosed bridge corridor at the ground, first and second floor levels.

This modernization will provide for total replacement of ceilings, partitions, doors, lighting, and flooring. The improvements also include HVAC modifications, fire sprinkler system, telecommunications, and electrical systems. Asbestos will be abated where encountered in accomplishing the other items proposed. Handicapped accessibility and energy conservation measures will be included.

Design ($1,388 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($17,873 thousand) and provides $1,339 thousand for management and inspection. The estimated total project cost is $20,600 thousand.

NEW JERSEY

Trenton, Clarkson S. Fisher Courthouse.....$15,675,000

This five-story building, constructed in 1931, is eligible for listing on the National Register of Historic Places. It provides a gross area of 170,000 square feet and an occupiable area of 108,500 square feet.

This modernization project will extend the existing fire sprinkler system throughout the building. Space alterations will be performed to meet the expansion requirements of the bankruptcy court. A fire alarm system will be

NEW JERSEY - continued

Trenton, Clarkson S. Fisher Courthouse (Cont'd)

installed. The HVAC system will be modified. The domestic water and sanitary sewer piping system will be replaced. A new electric service and panel boards will be installed. Elevator controls and cabs will be refurbished. Handicapped accessibility will also be provided. The proposed modernization will make the systems in the existing PO-CT compatible with those in the new annex being constructed.

Design ($1,155 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($14,523 thousand) and provides funding of an additional $55 thousand for design due to an increase in the estimated construction cost and $1,097 thousand for management and inspection. The estimated total project cost is $16,830 thousand.

NEW YORK

Holtsville, IRS Service Center.....$21,313,000

This facility, which consists of six one-story buildings divided into two groups of five interconnected buildings with an integral total energy plant and a separate sanitary treatment facility control building, is leased by GSA from the town of Brookhaven and operated by the Internal Revenue Service. Government occupancy of this facility for the full 30 years will result in Government ownership of the land and facilities on December 10, 2002. The buildings provide a gross area of 503,800 square feet and an occupiable area of 458,300 square feet.

This modernization project provides for upgrading the energy plant and energy management system; replacing the atrium windows, ceiling and lights; upgrading the fire alarm system, the lightning and short circuit protection systems, the cafeteria restrooms, the walkway and driveway and provide seismic improvements.

Design ($1,442 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($19,658 thousand) and provides funding of an additional $57 thousand for design due to an increase in the estimated construction cost and $1,598 thousand for management and inspection. The estimated total project cost is $22,755 thousand.

NORTH CAROLINA

Asheville, Federal Building-U.S. Courthouse.....$7,052,000

This six-story building, which is on the National Register of Historic Places, was constructed in 1930, and provides a gross area of 108,253 square feet and an occupiable area of 60,864 square feet.

This modernization project provides for upgrading the air-conditioning system, the electrical system, the elevators, the plumbing, the interior spaces and the exterior site work features. In addition, firesafety will be improved and seismic modifications will be accomplished. All work will be accomplished in compliance with the Uniform Federal Accessibility Standards and will conform to the Americans with Disabilities Act.

Design ($548 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($6,483 thousand) and provides funding of an additional $66 thousand for design due to an increase in the estimated construction cost and $503 thousand for management and inspection. The estimated total project cost is $7,600 thousand.

OHIO

Cleveland, Anthony J. Celebrezze Federal Building.....$12,192,000

This 34-story building, constructed in 1968, provides a gross area of 1,457,928 square feet and an occupiable area of 878,437 square feet.

This design/build alteration project proposes the upgrading of the building's conveyance components. The building has three banks of eight-passenger elevators, three freight elevators and two escalators. New elevator cabs and controls will be installed, the two escalators will be refurbished and the elevator call buttons will be replaced and relocated to comply with the Uniform Federal Accessibility Standards.

The request and the estimated total project cost are $12,192 thousand, including $112 thousand for design, $11,711 thousand for construction and $369 thousand for management and inspection.

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

Exhibit 15

REPAIRS AND ALTERATIONS
DESCRIPTIONS FOR PROJECTS SCHEDULED FOR FY 1995 CONSTRUCTION

OKLAHOMA

Oklahoma City, Alfred P. Murrah Federal Building.....$5,878,000

This building, constructed in 1974, provides a gross area of 379,709 square feet and an occupiable area of 117,619 square feet.

This alteration project will provide for improvements to the heating, ventilating, air-conditioning and lighting systems. Energy conservation measures and replacement of the ceiling system will be accomplished. Structural improvements to the parking garage include waterproofing, resurfacing and replacing the garage roof, which is topped with a pedestrian plaza. The plaza will be waterproofed and landscaped.

Design ($540 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($5,438 thousand) and provides $440 thousand for management and inspection. The estimated total project cost is $6,418 thousand.

PENNSYLVANIA

Harrisburg, Federal Building-U.S. Courthouse.....$16,903,000

This 11-story building, constructed in 1968, provides a gross area of 232,000 square feet and an occupiable area of 146,255 square feet.

This modernization prospectus provides for mechanical, HVAC, fire safety, and electrical system upgrades. Interior spaces will be renovated and space alterations will be performed to allow for the courts' expansion.

Handicapped accessibility features and energy conservation measures will be addressed. Asbestos encountered during construction will be abated.

Design ($1,152 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($15,593 thousand) and provides funding of an additional $135 thousand for design due to an increase in the estimated construction cost and $1,175 thousand for management and inspection. The estimated total project cost is $18,055 thousand.

Philadelphia, Byrne-Green Complex.....$34,028,000

The Byrne Courthouse, constructed in 1975, is a 22-story building, providing a gross area of 691,699 square feet and an occupiable area of 393,496 square feet. The Green Federal Building, constructed in 1973, is a 10-story building, providing a gross area of 727,788 square feet and an occupiable area of 467,160 square feet. The two buildings are connected by a public passageway and share common building support systems.

This modernization project provides for conversion of the third and fourth floors in the Byrne Courthouse for additional magistrate courtrooms, chambers and related judicial facilities. The Green Federal Building improvements include cafeteria alterations, corridor and restroom improvements throughout the structure and replacement of ceiling tiles. The HVAC and the electrical power systems will be upgraded. Additionally, the plumbing system will be cleaned.

Design ($1,988 thousand) in the Design and Construction Services Activity was funded in FY 1994. This request is for the construction phase ($31,500 thousand) and provides funding of an additional $266 thousand for design due to an increase in the estimated construction cost and $2,262 thousand for management and inspection. The estimated total project cost is $36,016 thousand.

Philadelphia, R. N. C. Nix, Sr, FB-CT (Phase 3).....$14,730,000

This six-story building, constructed in 1937, is eligible for the National Register of Historic Places. It provides a gross area of 387,000 square feet and an occupiable area of 253,000 square feet.

This is the third and last phase of the modernization prospectus. It provides for the build-out of the upper floors to house the U.S. Courts and related agencies and would construct 14 secured on-site parking spaces for judges. Additionally, space not immediately needed by the courts would be fitted-out as office space. This project will also convert elevators for judicial use, extend fire sprinkler service within tenant space, and abate asbestos affected by proposed work.

REPAIRS AND ALTERATIONS
DESCRIPTIONS FOR PROJECTS SCHEDULED FOR FY 1995 CONSTRUCTION

PENNSYLVANIA - continued

U. S. C. Ste, Sr, FB-CT (Phase 3) (Cont'd)

Design ($1,057 thousand) in the Design and Construction Services Activity will be made available in FY 1994 from savings on other projects. This request is for the construction phase ($13,694 thousand) and provides $1,036 thousand for management and inspection. The estimated total project cost is $15,787 thousand.

TEXAS

Lubbock, Federal Building-U.S. Courthouse.....$13,517,000

This building, constructed in 1971, provides a gross area of 172,573 square feet and an occupiable area of 106,169 square feet

This modernization project will complete the total building improvements initiated under a previous prospectus. The work has been completed in the Courthouse portion of the facility. The improvements include installation of a fire sprinkler system, ceilings, lighting, flooring, emergency generator and HVAC ductwork. Two new courtrooms and adjunct facilities will be constructed in the Federal Building to replace two existing undersized courtrooms in the courthouse portion of the building. This project also proposes removal and replacement of the existing fireproofing.

Design ($1,086 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. An additional one thousand dollars required for design will be made available from savings from other projects. This request is for the construction phase ($12,531 thousand) and provides $986 thousand for management and inspection. The estimated total project cost is $14,603 thousand.

VIRGINIA

Richmond, Courthouse and Courthouse Annex.....$13,899,000

This five-story building, constructed in 1858, is listed on the National Register of Historic Places. The Courthouse provides a gross area of 179,000 square feet and an occupiable area of 104,000 square feet. The Courthouse Annex was constructed in 1936 to complement the original Courthouse structure and provides a gross area of 135,000 square feet and an occupiable area of 80,000 square feet.

This modernization prospectus will convert post office space to court support space among other proposed space alterations to allow for the U.S. Circuit expansion. The expansion space will include a larger circuit library and more space for the circuit clerk. The plumbing and the HVAC systems will be upgraded. An energy management system will be installed in the courthouse and coordinated with the Annex's system. Fire alarm, standpipe, and telecommunications systems will be installed.

Design ($1,095 thousand) in the Design and Construction Services Activity was included in the FY 1994 budget request. This request is for the construction phase ($12,919 thousand) and provides $980 thousand for management and inspection. The estimated total project cost is $14,994 thousand.

VARIOUS LOCATIONS

Chlorofluorocarbons Program.....$104,520,000

This design/build program request will provide for projects during FY 1995 as the first phase of a multi-year program to replace or retrofit existing air-conditioning equipment which presently uses chlorofluorocarbon (CFC) refrigerants. These CFC's, when vented or lost to the atmosphere, reduce the protective stratospheric ozone layer.

Recent scientific findings indicate that CFC emissions are depleting the stratospheric ozone layer which leads to increased and harmful quantities of ultraviolet radiation reaching the earth's surface. The Clean Air Act Amendments (CAAA) of 1990, (P.L. 101-549), signed November 15, 1990, established a phaseout schedule and yearly reduction percentages for ozone-depleting chemicals. This amendment promotes recycling, bans the deliberate venting or releasing of refrigerants during maintenance, service, repair or disposal; restricts emission of refrigerants; and establishes strict control over their use. In February 1992, the phaseout of the more adverse ozone-depleting refrigerants was accelerated from the year 2000, which was established by the CAAA, to the end of 1995.

This request is for 104,520 thousand, including 1,050 thousand for design, $100,000 thousand for construction and $3,470 thousand for management and inspection. The estimated total program cost for this three-year program is $731,640 thousand, including $7,350 thousand for design, $700,000 thousand for construction, and $24,290 thousand for management and inspection.

Exhibit 15

REPAIRS AND ALTERATIONS
DESCRIPTIONS FOR PROJECTS SCHEDULED FOR FY 1995 CONSTRUCTION

VARIOUS LOCATIONS - continued

Energy Program.....$50,803,000

This request will provide for the implementation of energy retrofit and conservation measures in Government-owned buildings during fiscal year 1995. The projects to be funded will have positive savings-to-investment ratios, will provide reasonable payback periods and will generate rebates and savings from utility companies.

The Federal Energy Management Improvement Act (Public Law 100-615) requires a 10 percent usage reduction between 1985 and 1995 consumption levels. Also, Executive Order 12759 on Federal Energy Management directs all Federal agencies to develop and implement plans to meet the 1995 energy management goals of the National Energy Conservation Policy Act. By the year 2000, all Federal agencies are directed to reduce overall energy use in the Federal buildings they operate by 20 percent from 1985 levels. Increased energy efficiency in buildings and operations levels will require capital investment for changes and modifications to physical systems which consume energy.

This request is for $50,803 thousand, including $3,958 thousand for design, $44,000 thousand for construction and $2,845 thousand for management and inspection. The estimated total program cost for this six-year program is $304,818 thousand, including $23,748 thousand for design, $264,000 thousand for construction, and $17,070 thousand for management and inspection.

OTHER ACTIVITIES

Non-Prospectus Program.....$305,168,000

Funds in the amount of $305,168 thousand are requested for all nonrecurring Repairs and Alterations for which obligations at a single location within a fiscal year are above $10 thousand and below the prospectus threshold. Projects included in this category are generally short-term in nature and funds can normally be obligated within a one-year period. This category also includes projects which are recurring in nature, such as cyclic painting and pointing and the minor repair of defective building systems (e.g., mechanical, plumbing, electrical, firesafety, and elevator system components), and all R&A projects in leased facilities, regardless of size. After the initial build-out, any further Repairs and Alterations in leased buildings requires a prospectus whenever the estimated total cost of the project exceeds the prospectus threshold for leased space.

This request is for design ($24,141 thousand), construction ($263,687 thousand) and management and inspection ($17,340 thousand).

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

Exhibit 16

REPAIRS AND ALTERATIONS
DESCRIPTIONS OF PROJECTS SCHEDULED FOR FY 1995 DESIGN

ARKANSAS

Little Rock, Federal Building.....$730,000

This seven-story building, constructed in 1961, provides a gross area of 371,124 square feet and an occupiable area of 234,719 square feet.

This modernization project will provide for the installation of fire sprinkler systems and other firesafety features such as interfacing the existing alarm system and fire dampers. Planned work includes upgrading the heating, ventilation, and air-conditioning systems; elevator, plumbing and electrical systems; and upgrading the interior public space and finishes, and restrooms. Asbestos abatement will be accomplished as encountered.

The total estimated project cost is $8,974 thousand which includes the design request of $730 thousand. The balance of funding will be requested in a future year for the construction phase, $7,632 thousand and the management and inspection, $612 thousand.

CALIFORNIA

San Diego, Federal Building and U.S. Courthouse.....$1,141,000

This six-story building, constructed in 1976, provides a gross area of 850,925 square feet and an occupiable area of 627,762 square feet, including 186,000 square feet of inside parking.

This project will complete the modernization of this building. This project will realign 44,315 occupiable square feet of space on the fifth and sixth floors of the office wing of the FB-CT to house the U.S. Attorneys and to provide three grand jury rooms. Planned work includes the upgrading of the elevators, electrical and heating, ventilation, air-conditioning systems; improvements to the interior finishes; and energy management control system. Planned work also includes upgrading of the restrooms and other handicapped accessibility features; replacement of the roof; health and safety improvements including the replacement of the window washing scaffolding equipment; and seismic bracing.

The total estimated project cost is $13,582 thousand which includes the request for design funds of $1,141 thousand. The balance of funding will be requested in a future year for the construction phase, $11,457 thousand and management and inspection, $984 thousand.

San Francisco, Appraisers Building.....$1,547,000

This 16-story building, constructed in 1964, provides a gross area of 500,627 square feet and an occupiable area of 300,531 square feet, plus 12 inside parking spaces.

This modernization project includes the installation of new suspended ceilings with integrated lighting and installation of new carpet with in-floor electrical and telephone distribution lines. Restrooms will be upgraded to meet the Uniform Federal Accessibility Standards. Planned work also includes the replacement of boilers; upgrading of the loading dock; and reactivation of one elevator and upgrading of the cab interior. A new building entrance will be provided to serve the Immigration and Naturalization Service public contact function. Asbestos abatement will be accomplished as encountered.

The total estimated project cost is $19,570 thousand which includes the design request of $1,547 thousand. The balance of funding will be requested in a future year for the construction phase, $16,616 thousand and the management and inspection, $1,407 thousand.

DISTRICT OF COLUMBIA

Old Executive Office Building.....$2,910,000

This building constructed in 1888, provides a gross area of 658,171 square feet and an occupiable area of 299,768 square feet. This building is listed on the National Register of Historic Places and is a National Historic Landmark. The major tenant in this building is the Executive Office of the President (EOP). It also houses the Office of the Vice President and functions as the principal support facility, housing 1,356 employees, within the White House complex.

This phased project provides for the modernization of space. The planned work includes restorations and improvements to the interior; and upgrading of the plumbing, electrical, firesafety, and security systems. Asbestos abatement will be accomplished as encountered.

The total estimated project cost is $48,580 thousand which includes the design request of $2,910 thousand. The balance of funding will be requested in a future year for the construction phase, $43,000 thousand and the management and inspection, $2,670 thousand.

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

Exhibit 16

REPAIRS AND ALTERATIONS
DESCRIPTIONS OF PROJECTS SCHEDULED FOR FY 1995 DESIGN

GEORGIA

Chamblee, IRS Atlanta Service Center.....$1,538,000

This one-story building conetructed in 1962, provides e gross aree of 321,596 square feet and an occupiable aree of 317,779 square feet.

This project provides for the modernization of space. Planned work includes improvements to the electrical and mechanicel systems; modernization of apace; and enhancement of firesafety features and handicapped eccessibility. Planned work also includes the inetallation of a new roof, and modification of seismic resistance.

The total estimated project cost is $23,172 thousand which includes the design request of $1,538 thousand. The balance of funding will be requested in e future year for the construction phase, $20,141 thousand and the management and inspection, $1,493 thousand.

ILLINOIS

Chicago, John C. Kluczynski, Jr. Federal Building.....$1,160,000

This 43-story building constructed in 1974, provides e gross area of 1,178,471 square feet and an occupiable area of 730,000 square feet.

This project provides for the modernization of space. Planned work includes the realignment of the top eight floors, 32 through 39, to satisfy tenant expansion requirements of approximately 151,000 occupiable square feet. The planned work includes upgreding of the lighting, ceilings, floor coverings, partition system, and electrical systems.

The total estimated project cost is $15,810 thousand which includes the design request of $1,160 thousand. The balance of funding will be requested in a future year for the construction phase, $13,606 thousand and the management and inspection, $1,044 thousand.

MARYLAND

Woodlawn, Annex Building.....$1,844,000

This four story annex building with partial basement, constructed in 1962, provides a gross aree of 425,626 square feet and 312,285 occupiable square feet. The annex is located in the Social Security Administration (SSA) Headquarters complex and is occupied solely by SSA.

This modernization project is phase 3 of a 10 year planned program to renovate the Woodlawn Complex. Planned work includes the upgrading of mechanical, electrical, heating, ventilation and eir-conditioning and plumbing systems. Planned work also includes renovation of the interior space and finishes; renovation of the cafeteria; enhancements to the firesafety systems; and restoretion of the exterior brick work and windows. Asbestos abatement will be accomplished as encountered.

The total estimated project cost is $27,896 thousand which includes the design request of $1,844 thousand. The balance of funding will be requested in a future year for the construction phase, $24,262 thousand and the management and inspection, $1,790 thousand.

MASSACHUSETTS

Andover, IRS Regional Service Center.....$1,688,000

This building, constructed in 1967 and extended in 1971 and 1972, provides a gross area of 400,300 square feet and an occupiable area of 334,000 square feet.

This is a modernization project. Planned work includes the replacement of the heating, ventilation, and eir-conditioning systems; upgrading of the fire alarm and security systems; replacement of interior finishes to include windows, ceilings and lighting; modernization of the cafeteria and restrooms to meet the Uniform Federal Accessibility Standards and to conform to the Americans with Disabilities Act. In addition, the walkway and driveway will be replaced and seismic upgrades will be accomplished.

The total estimated project cost is $22,470 thousand which includes the design request of $1,688 thousand. The balance of funding will be requested in a future year for the construction phase, $19,219 thousand and the management and inspection, $1,563 thousand.

NEW HAMPSHIRE

Manchester, Norris Cotton Federal Building.....$959,000

REPAIRS AND ALTERATIONS
DESCRIPTIONS OF PROJECTS SCHEDULED FOR FY 1995 DESIGN

Exhibit 16

NEW HAMPSHIRE

Manchester, Norris Cotton Federal Building (Con't)

This seven-story building constructed in 1976, provides a gross area of174,400 square feet and an occupiable area of 85,000 square feet.

This project provides for the modernization of space. Planned work includes the replacement of the heating, ventilation and air-conditioning systems, the lighting and ceiling systems, and portions of the electrical system. Planned work also includes upgrading of the fire alarm system; upgrading and expansion of the energy management system; modernization of the main and elevator lobbies; and limited seismic reinforcement. Restrooms and other building features will be upgraded to meet the Uniform Federal Accessibility Standards and the Americans with Disabilities Act.

The total estimated project cost is $11,371 thousand which includes the design request of $959 thousand. The balance of funding will be requested in a future year for the construction phase, $9,610 thousand and the management and inspection, $802 thousand.

NEW YORK

New York, Jacob K. Javits Federal Building.....$2,891,000

This 41-story high-rise and eight story low-rise building, constructed in 1968, and an annex to the high-rise constructed in 1975, provide a gross area of 2,691,800 square feet and an occupiable area of 1,562,910 square feet.

This is a phased modernization project that will realign space vacated by the Environmental Protection Agency (EPA) and other federal agencies relocating to the new federal building. Planned work includes the demolition of interior partitions; reconfiguration of telephone and electrical wiring and outlets; replacement of floor covering and other interior finishes; and the build out of new space layouts. Vacant space currently located on the 41st floor will be built out to provide a conference center and office space.

The total estimated project cost is $16,237 thousand which includes the request for design, $1,269 thousand, $1,500 thousand for construction (includes demolition) and $122 thousand for management and inspection. The balance of funding will be requested in future years for additional funds for the construction phase, $12,330 thousand and the management and inspection, $1,016 thousand.

New York, Silvio V. Mollo Federal Building.....$963,000

This nine-story building, constructed in 1974, provides a gross area of 146,500 square feet and an occupiable area of 96,400 square feet.

This is a phased modernization project that will realign space vacated by the U.S. Attorney relocating most of its operations to the new Federal Building. Planned work includes the demolition of the interior partitions; reconfigurstion of electrical and telephone wiring and outlets; replacement of the interior finishes including the ceilings and lights; and the build-out of new tenant space layouts. The building will be upgraded to meet the Uniform Federal Accessibility Standards and the Americans with Disabilities Act.

The total estimated project cost is $5,623 thousand which includes the request for design, $522 thousand; $400 thousand for construction (includes demolition); and $41 thousand for management and inspection. The balance of funding will be requested in a future year for additional funds for the construction phase, $4,299 thousand and the management and inspection, $361 thousand.

NORTH CAROLINA

Raleigh, Federal Building-Post Office-Courthouse.....$1,891,000

This facility, consisting of a nine-story office tower and an adjoining two-story postal workroom, was constructed in 1966, and provides a gross area of 361,720 square feet and an occupiable area of 256,033 square feet.

This modernization project will convert the vacant two-story postal workroom to provide eight courtrooms, judges' chambers, and space for court related activities. All court activities, except for the Bankruptcy, Probation and the U.S. Attorneys, located in the office tower, will move to the converted postal space. The vacant space in the tower will be remodeled and backfilled with Federal employees currently occupying leased space.

The total estimated project cost is $30,115 thousand which includes the design request of $1,891 thousand. The balance of funding will be requested in a future year for the construction phase, $26,326 thousand and the management and inspection, $1,898 thousand.

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

Exhibit 16

REPAIRS AND ALTERATIONS
DESCRIPTIONS OF PROJECTS SCHEDULED FOR FY 1995 DESIGN

NORTH DAKOTA

Bismarck, Federal Building, Post Office - Courthouse.....$701,000

This four-story building constructed in 1964, provides a gross area of 156,705 square feet and an occupiable area of 99,805 square feet.

This project provides for the modernization of space. Space will be vacated by the Postal Service to accommodate the Court's expansion requirement. The recaptured space will provide an additional courtroom, which will be used by Bankruptcy and Magistrate Judges; chambers for the two judges; and office support space. Planned work includes upgrading of the electrical, mechanical, and heating, ventilation, and air-conditioning systems; installation of two new elevators and the modernization of existing units. The Postal Service dock area will be converted to a covered parking garage with sallyport, and the storm drainage system will be improved.

The total estimated project cost is $8,485 thousand which includes the design request of $701 thousand. The balance of funding will be requested in a future year for the construction phase, $7,205 thousand and the management and inspection, $579 thousand.

OREGON

Portland, Pioneer Courthouse.....$603,000

This four-story building, constructed in 1869, provides a gross area of 48,045 square feet and an occupiable area of 24,900 square feet. This building is listed on the National Register of Historic Places and has been designated a National Historic Landmark.

This modernization project includes the upgrading of the electrical, heating, ventilation, and air-conditioning systems; upgrading of firesafety features; improvements of interior finishes; and installation of handicapped accessibility features. Planned work also includes the alteration and/or replacement of the exterior stone work, building roof and chimneys.

The total estimated project cost is $6,901 thousand which includes the design request of $603 thousand. The balance of funding will be requested in a future year for the construction phase, $5,825 thousand and the management and inspection, $473 thousand.

PENNSYLVANIA

Philadelphia, Social Security Administration Building (SSA), Mid-Atlantic Program Service Center.....$1,003,000

This building, Mid-Atlantic Program Service Center, is one of three regional Social Security Administration Service Centers. Constructed in the early 1970's, it provides a gross area of 588,100 square feet and an occupiable area of 376,600 square feet. This building houses more than 2,000 employees and serves the most heavily populated one-third of the country.

This modernization project includes the modernization of elevator drives and controls; improvements to the mechanical and electrical systems; and replacement of interior plumbing fixtures. Planned work also includes cleaning and upgrading of the exterior aluminum-paneled curtain wall and windows; and replacement of the underground storage tanks.

The total estimated project cost is $13,558 thousand which includes the request for design, $1,003 thousand. The balance of funding will be requested in a future year for the construction phase, $11,667 thousand and the management and inspection, $888 thousand.

SOUTH CAROLINA

Columbia, Strom Thurmond Federal Building.....$1,187,000

This 15-story office building, constructed in 1978, provides a gross area of 360,809 square feet and an occupiable area of 260,104 square feet.

This is a modernization project. Planned work includes the installation of new ceilings and energy efficient lighting; upgrading of the fire alarm and sprinkler systems; replacement of the main entrance doors; and replacement of windows and the roof. Planned work also includes the replacement of the heating, ventilation, and air-conditioning systems; and upgrading of the plumbing, electrical system and elevators. Some seismic work will be accomplished to protect the safety of the tenants.

The total estimated project cost is $16,866 thousand which includes the request for design, $1,187 thousand. The balance of funding will be requested in a future year for the construction phase, $14,581 thousand and the management and inspection, $1,098 thousand.

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

Exhibit 16

REPAIRS AND ALTERATIONS
DESCRIPTIONS OF PROJECTS SCHEDULED FOR FY 1995 DESIGN

TEXAS

Dallas, Federal Building (525 Griffin Street).....$575,000

This one-story building, constructed in 1971, provides a gross area of 195,300 square feet and an occupiable area of 158,742 square feet.

Planned work includes the installation a fire sprinkler system and other life and fire safety features; upgrading of the fire alarm and smoke control systems; and a fire control center. Improvements will be made to the heating, ventilation, and air-conditioning system, electrical and elevator systems. Restrooms will be upgraded to comply with the Uniform Federal Accessibility Standards; interior finishes will be upgraded; and the weatherproofing of the exterior curtain wall will be restored.

The total estimated project cost is $6,732 thousand which includes the design request of $575 thousand. The balance of funding will be requested in a future year for the construction phase, $5,697 thousand and the management and inspection, $460 thousand.

WASHINGTON

Richland, Federal Building, U.S. Post Office and Courthouse.....$2,208,000

This seven-story building, constructed in 1963 provides a gross area of 370,175 square feet and an occupiable area of 270,010 square feet.

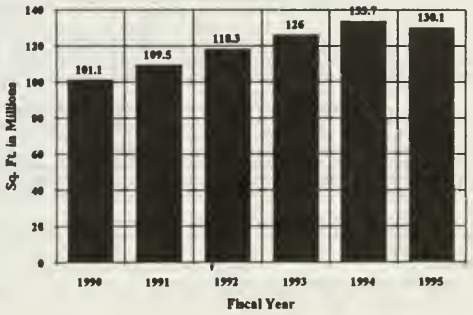
This project provides for the modernization and extension of the facility. The extension will consist of approximately 15,000 square feet of space for a district courtroom, judges' chambers, and court support space. Planned work includes upgrading of the electrical and heating, ventilation, and air-conditioning systems; installation of firesafety features; installation of handicapped accessibility features; and the modification of seismic resistance. Asbestos abatement will be accomplished as encountered.

The total estimated project cost is $32,871 thousand which includes the design request of $2,208 thousand. The balance of funding will be requested in a future year for the construction phase, $28,489 thousand and the management and inspection, $2,174 thousand.

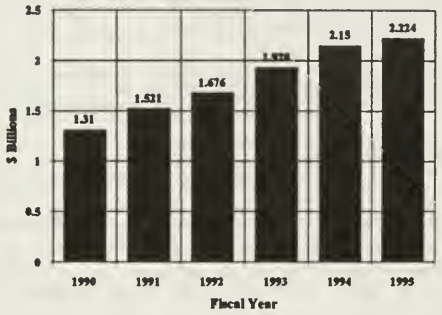
GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

Rental of Space

History of Leased Space



History of Obligations



The FY 1995 end of year inventory and obligations will be higher than the amounts shown to the extent that GSA utilizes the indefinite authority for expansion space contained in the FY 1993 Appropriations Act, (P.L. 102-393). We estimate the use of this authority to deliver an additional 4,697,100 square feet at an estimated FY 1995 cost of $51,297,200.

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

RENTAL OF SPACE
SUMMARY OF VACANT SPACE, TOTAL
FY 1993 - FY 1995
(Square Feet in Thousands)

	FY 1993 ACTUAL	CHANGE FROM FY 1992	FY 1994 PROGRAM	CHANGE FROM FY 1993	FY 1995 REQUEST	CHANGE FROM FY 1994
GOVERNMENT-OWNED						
AVAILABLE FOR ASSIGNMENT	5,150	1,328	4,750	(400)	4,000	(750)
TO BE PHASED-OUT	2,607	470	1,800	(807)	1,400	(400)
COMMITTED / UNDER ALTERATION	9,542	814	9,000	(542)	8,200	(800)
TOTAL, GOVERNMENT-OWNED	17,299	2,612	15,550	(1,749)	13,600	(1,950)
LEASED						
AVAILABLE FOR ASSIGNMENT	2,660	(745)	2,200	(460)	1,900	(300)
TO BE PHASED-OUT	25	(169)	0	(25)	0	0
COMMITTED / UNDER ALTERATION	1,277	567	900	(377)	750	(150)
TOTAL, LEASED	3,962	(347)	3,100	(862)	2,650	(450)
TOTAL, ALL VACANT SPACE	21,261	2,265	18,650	(2,611)	16,250	(2,400)
% OF TOTAL VACANT SPACE						
GOVERNMENT-OWNED	81%		83%		84%	
LEASED	19%		17%		16%	

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

SUMMARY OF SPACE ASSIGNED, TOTAL INVENTORY
GOVERNMENT-OWNED AND LEASED SPACE
(Square Feet in Thousands)
FY 1993 - FY 1995

AGENCY	FY 1992 ACTUAL	FY 1993 ACTUAL	FY 1994 PROGRAM	FY 1995 REQUEST	CHANGE FROM FY 1994
TREASURY	34,103	35,345	36,669	37,346	677
DEFENSE	32,479	33,288	34,147	34,875	728
HHS	27,380	27,832	29,034	29,162	128
JUSTICE	22,491	24,506	26,366	26,913	547
GSA	18,607	18,772	18,772	18,775	3
U.S. COURTS	15,907	17,104	17,916	18,328	412
INTERIOR	12,146	12,325	13,001	13,577	576
ALL OTHER AGENCIES	75,659	77,527	81,809	84,375	2,566
TOTAL	238,772	246,699	257,714	263,351 1/	5,637

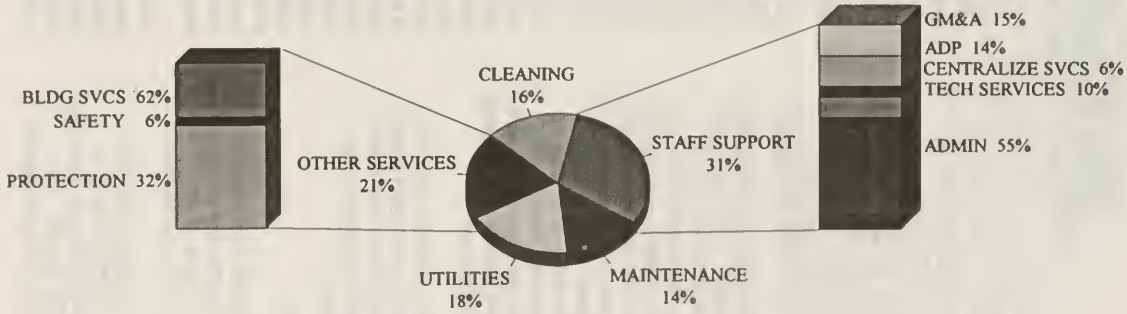
1/ The fiscal year 1995 end of year assigned inventory includes 4,697,100 square feet acquired by utilizing the indefinite authority for expansion space contained in the FY 1993 Appropriations Act, (P.L. 102-393). Agencies with total space assignments of more than 10,000 thousand square feet are reflected separately.

General Services Administration
PUBLIC BUILDINGS SERVICE

Exhibit 20

FEDERAL BUILDINGS FUND

BUILDING OPERATIONS
FY 1995 BUDGET REQUEST BY FUNCTION
($ in Thousand)



FBF-50

TOTAL FY 1995 PROGRAM = $1,323.7

General Services Administration
PUBLIC BUILDINGS SERVICE
CONSTRUCTION AND ACQUISITION

BACKGROUND

Since its inception in fiscal year 1975 the Federal Buildings Fund (FBF) has accomplished many of the goals that were originally envisioned. However, the FBF has not been able to generate sufficient funds to provide for the construction and/or acquisition of new facilities commensurate with the demand for new space from its client agencies.

In 1975, 66% of the GSA controlled inventory was government-owned. At the end of fiscal year 1992 only 54% of the inventory was government-owned. Focusing on office space, out of a total of 28.7 million occupiable square feet of space added to the inventory during this period, 8.9 million was government-owned and 20.8 million was leased. By better than a two to one margin, office space needs during the period were accommodated through leasing. In the area of special space the ratio of leased to government-owned growth during the period was an astounding eight to one.

Additionally, many of the projects that GSA proposed for ownership were special purpose facilities that required GSA to advocate the clients' concerns and requirements to both OMB and the Congress.

NEW DIRECTIONS

GSA believes that requests for funding for multi-tenant special purpose space should not be funded from the resources of the FBF but should be funded through an appropriation.

GSA is striving to become the "provider of choice" for the real property needs of its clients. The new Construction and Acquisition account is a step in that direction. GSA anticipates that in future fiscal years agencies may present and request funding for their own single tenant special purpose space requirements. GSA will continue to present and request funding for the construction and/or acquisition of multi-tenant special purpose space, and court facilities.

Lease Conversion Program

The fiscal year 1995 budget reflects GSA's efforts to reduce the cost of the federal building program by including a new activity, Acquisition of Facilities, in which the most cost effective housing alternative will be sought at the time of procurement. This differs from the current process in which GSA identifies in advance projects which should be acquired through purchase, construction, lease-purchase, and capital or operating lease.

This justification includes 23 representative candidates for federal ownership in locations with leases expiring in the next few years. The leases expire in different cities at different times, each with their own unique set of circumstances. Market conditions at the time of procurement will determine the specific method through which the housing requirement will be met. The Administrator of GSA will identify and select the communities and leased facilities best suited for conversion from lease to federal ownership based upon prevailing market conditions and financial circumstances supported by analyses demonstrating that these candidates for acquisition are in the best interest of the federal government.

Funding of $999 million is requested for converting expiring leases to federal ownership by acquiring such facilities or similar replacement facilities. The facilities may include reasonable accommodation of expansion needs.

Exhibit 21 provides a listing of some of these candidates. GSA may select other locations that are not listed. Exhibit 22 provides a description of the listed candidates.

New Construction

This account will also fund New Construction projects, previously funded from the FBF. Funding of $479 million is requested for the following new construction projects:

o the site acquisition and/or advance design of two new U.S. Courthouses

o the construction, site acquisition and/or advance design of six new U.S. Courthouse - Federal Buildings

o the construction, site acquisition and/or advance design of three new U.S. Courthouse Annexes

o the construction, site acquisition and/or design of five Border Stations

o the construction of a U.S. Geological Survey Laboratory/Building

o site and/or design funding for an IRS computer center, an annex to a VA payment center, a Federal Complex, and for the U.S. Army Foreign Science and Technology Center

o funding for non-prospectus level construction projects.

Additional funding in the amount of $584 thousand will be requested in future fiscal years for the completion of those new construction projects for which full project funding was not requested in fiscal year 1995.

Exhibit 23 provides a listing of new construction projects and Exhibit 24 provides a description of these projects.

Other Exhibits

o Exhibit 25 - New Appropriation Language and Explanation

o Exhibit 26 - Object Classification

o Exhibit 27 - Workload Performance

EXHIBIT 21

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisition
ACQUISITION OF FACILITIES CANDIDATES
SUMMARY OF FY 1995 PROGRAM
OCCUPIABLE SQUARE FEET (OSF)
(000's)

	OSF
San Francisco, CA, Environmental Protection Agency Regional Office	239,815
San Jose, CA, Internal Revenue Service	141,975
Washington, DC, 1620 L Street, multiple agencies	77,396
Washington, DC, Department of Justice, Criminal Division	129,200
Washington, DC, Department of Justice, Judiciary Center	297,886
Washington, DC, Department of Justice, Todd Building	120,186
Washington, DC, Equal Employment Opportunity Commission	210,985
Washington, DC, Federal Communications Commission	334,887
Washington, DC, Federal Election Commission	102,608
Washington, DC, International Trade Commission	218,000
Washington, DC, Reporters Building, multiple agencies	110,391
Washington, DC, Union Center Plaza, multiple agencies	190,750
Miami, FL, Department of Justice, Immigration and Naturalization Service	110,400
Boston, MA, multiple agencies	186,115
Newark, NJ, multiple agencies	293,800
Brooklyn, NY, Food and Drug Administration	175,000
New York, Metropolitan New York City, Federal Aviation Administration	173,150
Philadelphia, PA, Environmental Protection Agency	335,000
Philadelphia, PA, U.S. Attorneys	135,000
Dallas, TX, multiple agencies	844,260
Arlington, VA, Berkley Building	217,581
Northern Virginia, VA, Patent and Trademark Office	355,656
Seattle, WA, Environmental Protection Agency	116,945
Total Program	5,116,984

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisition
Acquisition of Facilities

PROJECT DESCRIPTIONS

CALIFORNIA

San Francisco - Environmental Protection Agency Regional Office (EPA)

This proposes a capital investment of 239,813 occupiable square feet of space plus ten inside parking spaces for the EPA regional office currently located at 75 Hawthorne Street in San Francisco. The regional office was relocated to its present location from 215 Fremont Street after the October 1989 Loma Prieta earthquake, when substantial structural damage rendered 215 Fremont untenantable.

San Jose - Internal Revenue Service District Office (IRS)

This proposes a capital investment of 141,975 occupiable square feet of space to house and consolidate the IRS District Office in San Jose, California. Current leases will expire in FY 1994 and FY 1997. Approval of this consolidation project will enable the IRS to conduct their mission in a more efficient manner.

DISTRICT OF COLUMBIA

1620 L Street

This proposes a capital investment of 77,396 occupiable square feet for the Department of Interior, Bureau of Land Management (BLM); the Executive Office of the President, Office of Consumer Affairs (EOP); and General Services Administration (GSA), Cooperative Administrative Support Unit (CASU); currently housed at 1620 L Street, NW, Washington, DC. The General Services Administration has leased portions of this building since FY 1991. There are currently four separate five-year leases, totalling 64,497 occupiable square feet, which expire between April 1996 and November 1996. This project includes a twenty percent increase in the total amount of space currently occupied to accommodate future space needs of the tenant agencies.

It is essential that BLM, EOP and GSA remain housed in Washington, DC. BLM must be located in close proximity to its headquarters operations at the Main Interior Building, located at 19th & C Streets, NW, Washington, DC. The director of EOP's Office of the Consumer Affairs is appointed by the President, and frequently attends meetings at the White House.

GSA's Cooperative Administrative Support Unit provides administrative support services for all Federal agencies. They provide shared conference space, access to copy machines and other office equipment for other regional agencies visiting the National Capital Region. There is no Government-owned space available to meet the needs of the tenant agencies and they have a long-term need for this space.

Department of Justice (DOJ) (Criminal Division)

This proposes a capital investment of 129,200 occupiable square feet of space to house the Criminal Division (CRM) of the DOJ in Washington, DC.

CRM formulates criminal law enforcement policies and exercises general supervision over all federal criminal laws except laws specifically assigned to the Antitrust, Civil Rights, Tax, and Environmental Divisions.

It is essential that CRM remain located in downtown Washington, DC, proximate to the Main Justice Building located at 9th Street and Constitution Avenue, NW, where the Assistant Attorney General (AAG) of the Division is located. The day-to-day conduct of the Division's business requires frequent contact with the AAG, as well as with other high-level DOJ officials and attorneys currently housed in the Main Justice Building.

Department of Justice (DOJ) (Judiciary Center)

This proposes a capital investment of 297,886 occupiable square feet of space and 189 secured inside parking spaces for the Department of Justice (DOJ), currently housed at Judiciary Center, 555 4th Street, NW, Washington, DC.

DOJ and the General Services Administration are developing plans to provide long-term housing of DOJ components. These plans would consolidate elements from multiple leased locations to these Government-owned facilities: the Main Justice Building, the Home Owners Loan Corporation Building, the Ariel Rios Building, and this facility.

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisition
Acquisition of Facilities

PROJECT DESCRIPTIONS

DISTRICT OF COLUMBIA - continued

Department of Justice (DOJ) (Todd Building)

This proposes a capital investment of 120,186 occupiable square feet of space for the DOJ currently housed in 100,155 occupiable square feet of space in the Todd Building, 550 11th Street, NW, Washington, DC. The DOJ components at the Todd Building are the Civil Division Appellate Staff (CIV6) and the Justice Management Division (JMD).

CIV6 has primary responsibility for the litigation of Civil Division cases in the appellate courts, including preparation of Government briefs and presentation of oral arguments. Additionally, the CIV6 participates in drafting all documents filed for these cases in the United States Supreme Court, including briefs on the merits and jurisdictional statements.

JMD, which only has a small staff at this location, is responsible for advising senior management officials on all matters pertaining to organization, management, and administration.

Equal Employment Opportunity Commission (EEOC)

This proposes a capital investment of 210,985 occupiable square feet of space and 21 official inside parking spaces for the headquarters of the EEOC currently located at 1801 L Street, NW, Washington, DC.

Federal Communications Commission (FCC)

This proposes a capital investment of 334,887 occupiable square feet of space and 13 inside official parking spaces for the FCC currently housed in 304,789 occupiable square feet of space in four leased locations in Northwest, Washington, DC.

Federal Election Commission (FEC)

This proposes a capital investment of 102,608 occupiable square feet of space and two inside official parking spaces for the FEC, currently housed at 999 E Street, NW, Washington, DC.

International Trade Commission (ITC)

This proposes a capital investment of 218,000 square feet of space and ten inside parking spaces to house the United States ITC. The amount of office space requested by this proposed project includes approximately a twenty-two percent increase in the total amount of space currently occupied to accommodate future space needs of ITC.

With broad investigative powers on matters of trade, the ITC analyzes data, conducts public hearings and research projects and reports its findings to the President, the Congress and other Government agencies. United States trade policy is based on this information. It is essential that the ITC remain in downtown Washington, DC, as required by Public Law 98-523, enacted October 19, 1984.

Multiple Tenants - Reporters Building

This proposes a capital investment of 110,391 occupiable square feet of space for multiple tenants currently housed in the Reporters Building located at 300 7th Street, SW, Washington, DC.

Multiple Tenants - Union Center Plaza North

This proposes a capital investment of 190,750 occupiable square feet of space for multiple tenants currently housed in Union Center Plaza North located at 941 North Capitol Street, NE, Washington, DC.

FLORIDA

Miami - Department of Justice (DOJ)

This project proposes a capital investment of 110,400 occupiable square feet of space and 71 inside parking spaces. This facility will house the DOJ Offices of the Immigration and Naturalization Services, and the Executive Office of Immigration Review. This project will consolidate these agencies from several leased facilities currently located in the western portion of the metropolitan area near the Miami International Airport.

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisition
Acquisition of Facilities

PROJECT DESCRIPTIONS

MASSACHUSETTS

Boston - Multiple Agencies

This project proposes a capital investment to acquire 186,115 occupiable square feet of space. The new location will house the Environmental Protection Agency, the Equal Employment Opportunity Commission, and the Department of Energy in downtown Boston. This consolidation of the federal agencies will eliminate space currently located in several leased locations.

NEW JERSEY

Newark - Multiple Agencies

This project proposes a capital investment to acquire 293,800 occupiable square feet of space and 527 secure inside parking spaces. This new facility will house the Federal Bureau of Investigation, The Drug Enforcement Administration, and the Immigration and Naturalization Service. The consolidation of the federal agencies in a single location will eliminate space currently located in several leased locations.

NEW YORK

Brooklyn - Food and Drug Administration (FDA)

This project proposes a capital investment of 175,000 occupiable square feet of space and 200 outside and 50 inside parking spaces. The FDA is currently housed in unsatisfactory space in both Federal Buildings #1 and #2 in Brooklyn, NY. These buildings cannot be improved to first-class space and are functionally obsolete and will be declared excess when vacated.

Metropolitan New York City - Federal Aviation Administration (FAA)

This project proposes a capital investment of 173,150 occupiable square feet of space and 815 outside parking spaces, including 65 secured parking spaces for Government vehicles. The facility will provide for the consolidation of the eastern region of the FAA into one location which will be in close proximity to FAA's New York Terminal Radar Approach Control (TRACON).

PENNSYLVANIA

Philadelphia - Environmental Protection Agency

This project proposes a capital investment to acquire 335,000 occupiable square feet of space for the Environmental Protection Agency (EPA). The project will consolidate leased locations and provide the EPA a first-class, modern office facility.

Philadelphia - U.S. Attorneys

This project proposes a capital investment to acquire 135,000 occupiable square feet of space and 37 indoor parking spaces for the U.S. Attorney in downtown Philadelphia. The acquisition will consolidate the offices of the U.S. Attorney which are currently housed in 74,410 square feet in four locations in Philadelphia.

The primary reason for the additional space requirement of approximately 61,000 square feet is an increasing emphasis on drug enforcement programs. An enlarged staff of attorneys, agents and clerical support personnel is needed in the Criminal Division to handle the workload.

TEXAS

Dallas - Multiple Agencies

This project proposes a capital investment of 844,260 occupiable square feet of replacement and expansion space for the regional offices of the Environmental Protection Agency (EPA) and the Department of Health and Human Services, as well as twelve smaller agencies in Dallas. In addition, 300 inside parking spaces will be required for official vehicles, employees and the handicapped.

EPA is currently housed in 224,261 occupiable square feet at the First Interstate Bank Tower located at 1445 Ross Avenue in downtown Dallas; 1,345 Federal employees are housed in this building. This lease will expire on February 8, 1997, and, as noted, contains a five-year renewal option. In addition, the General Accounting Office occupies 37,694 square feet in the same building under a separate lease which expires on October 16, 1995; this lease, however, cannot be renewed.

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisition
Acquisition of Facilities

PROJECT DESCRIPTIONS

VIRGINIA

Arlington - Berkley Building

This project proposes a capital investment of 217,581 occupiable square feet of space to house the Department of State (State), currently housed in the Berkley Building, 1701 N. Fort Myer Drive, Arlington, VA.

The major State component at this location is the Foreign Buildings Operation (FBO). FBO acquires properties in foreign countries to support the U.S. diplomatic and consular functions and other agencies assigned to the Diplomatic Mission. Several smaller elements of State are also located in this building.

Northern Virginia - Patent and Trademark Office

This project proposes a capital investment of 355,656 occupiable square feet of replacement and expansion space in for the Department of Commerce, Patent and Trademark Office (PTO) Office of Administration Building in Northern VA. In the 1996-1998 timeframe all major PTO leases will expire, requiring the Government to provide replacement space.

WASHINGTON

Seattle - Environmental Protection Agency

This project proposes a capital investment of 116,945 occupiable square feet of space and 12 official inside parking spaces to house the Environmental Protection Agency (EPA). This location serves as the Regional Office for EPA.

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisition
NEW CONSTRUCTION
SUMMARY OF FY 1995 PROGRAM
(Dollars in Thousands)
IN PRIORITY ORDER

	ESTIMATED TOTAL PROJECT COST					FY 1995 REQUEST				
	SITE	DESIGN	CONSTRUCTION	M&I	TOTAL	SITE	DESIGN	CONSTRUCTION	M&I	TOTAL
Santa Ana, CA, FB-CT	250	8,543	123,032	5,161	136,986	-	-	20,032	5,161	25,193
Babb, MT, New Piegan Border Station	-	333	3,051	252	3,636	-	333	-	-	333
Cleveland, OH, CT	21,134	8,914	166,601	5,312	201,961	21,134	8,914	-	-	30,048
Pembina, ND, BB	96	1,016	10,198	915	12,225	-	-	10,198	915	11,113
Orlando, FL, CT Annex	7,724	2,784	40,975	2,460	53,943	7,724	-	-	-	7,724
Brownsville, TX, FB-CT	4,235	2,126	28,694	2,111	37,166	4,235	2,126	-	-	6,361
Charlottesville, VA, USA FBIC	2,000	2,178	30,325	2,202	36,705	2,000	2,178	-	-	4,178
Martinsburg, WV, IRS Computer Center	3,254	4,293	66,531	3,373	77,451	3,254	4,293	-	-	7,547
Erie, PA, Federal Complex	1,652	1,683	18,401	1,419	23,155	1,652	1,683	-	-	3,335
Austin, TX, VA Annex	670	760	8,042	643	10,115	670	760	-	-	1,430
Lafayette, LA, CT	3,100	2,263	27,230	2,047	34,640	3,100	2,263	-	-	5,363
Tucson, AZ, FB-CT	3,206	7,035	102,000	5,189	119,430	5,206	7,035	-	-	12,241
Laredo, TX, FB-CT	5,986	2,440	21,977	2,364	32,767	-	-	21,977	2,364	24,341
Saint Louis, MO, FB-CT	15,000	15,000	194,258	6,605	230,863	-	-	170,258	6,605	176,863
Kansas City, MO, FB-CT	5,721	5,565	96,755	4,140	112,181	-	-	80,755	4,140	84,895
Savannah, GA, CT Annex	3,211	2,386	34,210	2,244	42,051	3,211	2,386	-	-	5,597
Blaine, WA, BB	3,234	1,238	14,107	1,111	19,690	3,234	1,238	-	-	4,472
Montgomery, AL, CT Annex	8,091	3,094	37,753	2,581	51,519	-	213	37,753	2,581	40,547
Oroville, WA, BB	620	863	8,886	712	11,081	620	863	-	-	1,483
Point Roberts, WA, BB	338	360	3,279	271	4,248	338	360	-	-	698
Lakewood, CO, DFC, USGS Lab Bldg	-	1,836	23,839	1,820	27,495	-	143	23,839	1,820	25,802
Non prospectus construction projects	-	-	126	-	126	-	-	126	-	126
Total program	91,522	74,710	1,060,270	52,932	1,279,434	56,378	34,788	364,938	23,586	479,690

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisiton
New Construction

PROJECT DESCRIPTIONS

ALABAMA

Montgomery - U.S. Courthouse Annex.....$40,547,000

This project consists of the construction of a 200,000 gross occupiable square foot courthouse and parking deck. This will meet the 10-year court expansion requirements and will be designed to accommodate future expansion. It will provide facilities for 14 courtrooms; six district courtrooms and chambers; four magistrate courtrooms and chambers; and four bankruptcy courtrooms and chambers. The annex will also provide offices for the Clerk of the District Court, U.S. Probation Office, U.S. Marshals Service, U.S. Attorneys, Treasury Department, and the General Services Administration.

Site acquisition ($8,091 thousand) and design ($2,881 thousand) were funded in FY 1994. This request is for the construction phase ($37,753 thousand) management and inspection ($2,581 thousand), and $213 thousand for additional design. The total estimated project cost is $51,519 thousand.

ARIZONA

Yucson - Federal Building - U.S. Courthouse.....$12,241,000

This project consists of the construction of a 310,040 gross occupiable square foot Federal Building-U.S. Courthouse including 100 inside parking spaces and 87 outside parking space in Tucson, AZ. It will provide for the long range requirements of the courts and court-related agencies through the year 2002. At the time of occupancy, the new federal building-courthouse will provide 15 full size courtrooms and house seven active and senior district judges, three magistrate judges, four bankruptcy judges and one senior circuit court of appeals judge. The site will be large enough to support this initial construction project plus any future expansion requirements projected by the courts and court-related agencies through 2022.

This request is for site acquisition ($5,206 thousand) and ($7,035 thousand) design. The balance of project funding, $102,000 thousand for the construction phase and $5,189 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $119,430 thousand.

CALIFORNIA

Santa Ana - Federal Building and U.S. Courthouse.....$25,193,000

This project consists of the construction of a 347,498 occupiable square foot Federal Building and U.S. Courthouse, with 392 inside and 160 outside parking spaces. This proposed project will provide 260,273 occupiable square feet of space for the courts and court-related activities. Other Federal agencies will occupy approximately 72,896 square feet of space in the new building. This building is expected to meet the needs of the U.S. Courts and related agencies until the year 2007, with on-site expansion capability for future construction to meet the courts' 30-year requirements.

The new building would consolidate the activities of the courts, improve the overall quality of space, and provide a structure specifically designed to meet the court's needs. In addition, at the time of occupancy, the new building would be fully occupied and would provide Government-owned space for executive agencies which otherwise would be located in lease space.

In FY 1992, $250 thousand was funded for site preparation and planning and in FY 1993, $2,500 thousand was funded for design in this activity and $6,043 thousand was funded for design in the Design and Construction Services activity. In FY 1994, $103,000 thousand was funded for a portion of the construction phase.

This request is for the balance of the construction phase ($20,032 thousand) and $5,161 thousand for management and inspection. The total estimated project cost is $136,986.

COLORADO

Lakewood - USGS Lab/Building.....$25,802,000

This project consists of the construction of a 106,800 occupiable square foot state-of-the-art laboratory in the Denver Federal Center in Lakewood, Colorado. It will provide facilities for the National Water Quality Laboratory, and the U.S. Geological Survey's central processing facility which monitors the quality of the nation's water. The project will save an estimated two million dollars in annual rent based on a market rate of $20 per square foot.

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisiton
New Construction

PROJECT DESCRIPTIONS

COLORADO - continued

Lakewood - USGS Lab/Building - continued

Design ($1,693 thousand) in the Design and Construction Services Activity was funded in FY 1993. This request is for the construction phase ($23,839 thousand), and provides funding of an additional $143 thousand for design and $1,820 thousand for management and inspection services. The total estimated project cost is $27,495 thousand.

FLORIDA

Orlando - U.S. Courthouse Annex.....$7,724,000

This project consists of the construction of 157,600 gross occupiable square feet of office, storage, and special space; secured inside parking for 35 vehicles; and surface parking for 200 vehicles. The project will meet the 10-year courts' expansion requirements and will be designed to accommodate future court expansion requirements. It will provide the facilities for eight district courtrooms and three magistrate courtrooms, and offices for the Clerk of the Court, U.S. Pretrial Services, U.S. Probation Office and U.S. Marshals Service.

This request is for site acquisition. The balance of funding, $2,784 thousand for design, $40,975 thousand for the construction phase and $2,460 thousand for management and inspection, will be requested in future years. The total estimated project cost is $53,943 thousand.

GEORGIA

Savannah - U.S. Courthouse Annex.....$5,597,000

This project consists of construction of 125,000 gross occupiable square feet of office and special space and 100 inside parking spaces. The proposed building will be designed to meet the 10-year needs of the U.S. Courts in conjunction with the continued use of the Federal Building-Courthouse. The new courthouse will provide two district court judges and chambers, two bankruptcy judges and chambers, one magistrate judge and chamber, one circuit judge chamber and adjunct facilities. The Annex will also provide offices for the U.S. Attorneys, the U.S. Trustees, the U.S. Marshals, the U.S. Postal Service, and the General Services Administration. The building will house approximately 331 employees.

This request is for the acquisition of a site ($3,211 thousand) and design ($2,386 thousand). The balance of project funding, $34,210 thousand for the construction phase and $2,244 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $42,051 thousand.

LOUISIANA

Lafayette - Federal Building and U.S. Courthouse.....$5,363,000

This project consists of the construction of a 126,074 occupiable square foot Federal Building-U.S.Courthouse. This project will house all local district court activities, the U.S. Marshals, the U.S. Attorneys, and a U.S. Senator. The proposed building will be designed to accommodate the 10-year space needs of the courts and the Department of Justice.

This request is for site acquisition ($3,100 thousand) and design ($2,263 thousand). The balance of project funding, $27,230 thousand for the construction phase and $2,047 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $34,640 thousand.

MISSOURI

Kansas City - Federal Building and U.S. Courthouse.....$84,895,000

This project consists of the construction of a 351,200 gross occupiable square foot Federal Building-Courthouse to satisfy the continuing needs of the U.S. Courts and related agencies. It will include 100 inside and 225 surface parking spaces. The project includes 13 district courtrooms, five magistrate courtrooms, four bankruptcy courtrooms, and one Circuit Court of Appeals courtroom. The proposed annex is primarily needed to house the U.S. Courts, the U.S. Attorneys, the U.S. Marshals, the U.S. Trustee, the Secret Service, and the Federal Bureau of Investigation. Also, 100 inside and 225 surface parking spaces will be provided.

In FY 1993, $5,721 thousand was provided for site acquisition and $5,565 thousand for design in the Design and Construction Services activity. In FY 1994, $16,000 thousand was provided for partial construction funding. This request is for the balance of the construction phase ($80,755 thousand) and management and inspection ($4,140 thousand). The total estimated project cost is $112,101 thousand.

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisiton
New Construction

PROJECT DESCRIPTIONS

MISSOURI - continued

St. Louis - Federal Building and U.S. Courthouse.....$176,863,000

This project consists of the construction of a 600,000 gross occupiable square foot Federal Building and Courthouse with 400 inside parking spaces for the U.S. Courts and the Department of Justice. The project will provide housing for two additional district judgeships in St. Louis which were created as a result of Public Law 101-650, Judicial Improvements Act of 1990. In addition, five judges are expected to assume senior status within the next 10 years. When these judges assume senior status, they will be replaced by newly appointed judges. In the year 2001, the Administrative Office of the Courts projects ten District judges, five senior judges, 14 magistrates, and five bankruptcy judges. The other Court and court-related activities project increases based on the additional workload of the court docket.

Site acquisition ($15,000 thousand) and design ($15,000 thousand) were funded in FY 1992. In FY 1994, $24,000 thousand was provided for partial construction funding. This request is for the balance of the construction phase ($170,258 thousand) and $6,605 thousand for management and inspection. The total estimated project cost is $230,863 thousand.

MONTANA

Babb - Piegan Border Station.....$333,000

This consists of the construction of a new border station at the Piegan Border Crossing near Babb, Montana. The new border station will replace an existing facility which is overcrowded and functionally obsolete. The border station will be occupied by the U.S. Customs Service and the Immigration and Naturalization Service. The facility will contain 10,105 square feet of gross occupiable space, two primary inspection lanes under a canopy, an expanded impoundment lot and a commercial parking area with spaces for five trucks.

The border station will provide readily accessible interview and detainment facilities as well as a larger secondary inspection building able to accommodate both private vehicles and commercial buses.

This request is for design. The balance of project funding, $3,051 thousand for the construction phase and $252 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $3,636 thousand.

NORTH DAKOTA

Pembina - Border Station.....$11,113,000

This project proposes the acquisition of an approximately 15 acre site and the design of a 57,470 gross occupiable square foot border station including canopy areas. The border station will be occupied by the U.S. Customs Service, Immigration and Naturalization Service and Animal and Plant Health Inspection Service. The project will provide six primary inspection lanes under a canopy, a secondary automobile inspection area containing 14 parking spaces and an inspection dock with an import lot able to accommodate 25 trucks at one time. The border station will provide detention cells and detainment facilities for vehicles and cargo as well as a weapons firing range and a livestock inspection facility.

Site acquisition ($96 thousand) and design ($1,016 thousand) in the Design and Construction Services activity were funded in FY 1994. This request is for the construction phase ($10,198 thousand) and management and inspection ($915 thousand). The total estimated project cost is $12,225 thousand.

OHIO

Cleveland - U.S. Courthouse.....$30,048,000

This project consists of the construction of a 550,000 gross occupiable square foot facility for the space needs of the U.S. Courts. The project will meet the 10-year court expansion requirements and will be designed to accommodate future expansion needs through the addition of an annex. The proposed facility will also include 203 inside parking space and ten outside parking spaces.

This request is for site acquisition ($21,134 thousand) and design ($8,914 thousand). The balance of funding, $166,601 thousand for the construction phase and $5,312 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $201,961 thousand.

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisiton
New Construction

PROJECT DESCRIPTIONS

PENNSYLVANIA

Erie - Federal Complex.....$3,335,000

This project consists of the construction of a 84,163 gross occupiable square foot facility for the space needs of the U.S. Courts. This project will meet the 10-year court expansion requirements and will be designed to accommodate additional future court expansion requirements. Three additional courtrooms will be built as part of the proposed project, two in the Annex for the District Court and one in the Library for the Bankruptcy Court, all of which will be designed to meet the standard size and security court standards.

This request is for site acquisition ($1,652 thousand) and design ($1,683 thousand). The balance of funding, $18,401 thousand for the construction phase and $1,419 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $23,155 thousand.

TEXAS

Austin - Veterans Administration Annex.....$1,430,000

This project consists of the construction of a 64,201 gross occupiable square foot addition to the existing VA automation center in Austin. The addition will allow VA to consolidate its finance center (currently in lease space) and the automation center under one roof. The addition will be designed to accommodate additional future expansion needs.

This request is for site acquisition ($670 thousand) and design ($760 thousand). The balance of funding, $8,042 thousand for the construction phase and $643 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $10,115 thousand.

Brownsville - Federal Building - U.S. Courthouse.....$6,361,000

This project consists of the construction of a 126,051 gross occupiable square foot facility for the space needs of the U.S. Courts. The project will meet the 10-year court expansion requirements and will be designed to accommodate additional future expansion needs. This project will provide the facilities for six courtrooms; three district courtrooms with ancillery facilities; two magistrate courtrooms; and one visiting judge's courtroom. Chamber space will also be provided for one senior circuit court judge. Court-related tenants, such as the District Clerk, Federal Public Defender, Probation Office, U.S. Marshals Service, and the U.S. Attorney, will also be housed in this facility.

This request is for site acquisition ($4,235 thousand) and design ($2,126 thousand). The balance of project funding, $28,694 thousand for the construction phase and $2,111 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $37,166 thousand.

Laredo - Federal Building and U.S. Courthouse.....$24,341,000

This project consists of a new Federal Building-Courthouse with 115,808 gross occupiable square feet of space plus 200 inside parking spaces. The new building will provide six courtrooms and ancillery facilities to accommodate three district judges, one senior district judge, two magistrates, and court-related agencies. A visiting bankruptcy judge and a visiting district judge will use whatever facilities that are not in use.

In FY 1993, $3,000 thousand was provided for site acquisition and $1,394 thousand was provided for design. Because of the increased scope of the project and a downtown site location, additional site ($2,986 thousand) and design funding in the Design and Construction Services activity ($1,046 thousand) were funded in FY 1994. This request is for the construction phase ($21,977 thousand) and management and inspection ($2,364 thousand). The estimated total project cost is $32,767 thousand.

VIRGINIA

Charlottesville - USA FSTC.....$4,178,000

This project consists of the construction of a 164,000 gross occupiable square foot facility that includes a main building, annex, and guardhouse for the United States Army Foreign Science and Technology Center in the Charlottesville, Virginia area. This project will provide expansion space and special purpose space giving the location approximately 514 on site surface parking spaces.

This request is for site acquisition ($2,000 thousand) and design ($2,178 thousand). The balance of funding, $30,325 thousand for the construction phase and $2,202 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $36,705 thousand.

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisiton
New Construction

PROJECT DESCRIPTIONS

WASHINGTON

Blaine-Pacific Highway - U.S. Border Station.....$4,472,000

This project provides for the site acquisition of 4.1 acres of land and the design of a new U.S. Border Station of 89,705 gross occupiable square feet in Blaine, Washington. This project will include the construction of a truck parking area to the east of the existing building. The project will provide the facilities for a new automobile inspection building with canopy; bus port/commercial primary lanes and canopy; alterations and expansion to the existing administration building; new devaning building and commercial inspection office; a new dog kennel building; a new maintenance/workshop building; and the renovation of the existing the inspection building.

This request is for site acquisition ($3,234 thousand) and design ($1,238 thousand). The balance of funding, $14,107 thousand for the construction phase and $1,111 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $19,690 thousand.

Oroville - U.S. Border Station.....$1,483,000

This project consists of the site acquisition of approximately 5.4 acres of land and the design a new U.S. Border Station in Oroville, Washington. It will be occupied by the U.S. Customs Service, the Immigration and Naturalization Service, Animal and Plant Health Inspection Services, and General Services Administration's Public Buildings Service. This project is consistent with the agencies 10-year expansion requirements and needs. The new facility will be constructed on 9.1 acres of land.

It will increase the primary inspection lanes from two to four; secondary lanes from three to ten; increase primary commercial inspection lanes from zero to two; secondary commercial lanes from one to three; and provide for two bus port bays.

This request is for site acquisition ($620 thousand) and design ($863 thousand). The balance of funding, $8,886 thousand for the construction phase and $712 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $11,081 thousand.

Point Roberts - U.S. Border Station.....$698,000

This project provides for the site acquisition of approximately 3.1 acres of land and the design of a new U.S. Border Station at Point Roberts, Washington. This project will provide the facilities for the U.S. Customs Service and the Immigration and Naturalization Service. The existing border station facilities at Point Roberts are not large enough to handle the volume of traffic which it currently must process. A new border station will alleviate the present overcrowding and satisfy the long-term space needs of the agencies.

This request is for site acquisition ($338 thousand) and design ($360 thousand). The balance of project funding, $3,279 thousand for the construction phase and $271 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $4,248 thousand.

WEST VIRGINIA

Martinsburg - IRS Computer Center.....$7,547,000

This project consists of the construction of 274,442 gross occupiable square feet (osf) plus 817 outside parking spaces on approximately 45 acres in Martinsburg, West Virginia. The building will house the Internal Revenue Service and will consist of 144,000 osf of ADP space, 33,000 osf of warehouse/storage space, 6,000 osf of conference/training areas, 13,000 osf for food service, and 8,000 osf of light industrial and structurally changed space. Approximately 635 employees will occupy this facility during the largest day shift.

This FY 1995 request is for site acquisition ($3,254 thousand) and design ($4,293 thousand). The balance of project funding, $66,531 thousand for the construction phase and $3,373 thousand for management and inspection, will be requested in a future year. The total estimated project cost is $77,451 thousand.

General Services Administration
PUBLIC BUILDINGS SERVICE

Construction and Acquisiton
New Construction

PROJECT DESCRIPTIONS

OTHER ACTIVITIES

Non-Prospectus Projects Program.....$126,000

Funds in the amount of $126 thousand are requested for the development of projects not subject to prospectus approval. The funds will permit these projects to be accomplished promptly and efficiently. Much has been achieved under this program since its inception. Small project funds have been used to erect special purpose storage buildings, depot service and warehouse buildings, and a small courthouse. The funds have also been used to acquire a motor pool, build parking lots, purchase sites, build child care facilities, and purchase property that is part of a Presidential National Historic Site. Two smaller border stations funded jointly by the United States and Canada have been completed.

This request is for construction and site purchases, and acquisitions of options to purchase buildings and sites.

Exhibit 25

General Services Administration
PUBLIC BUILDINGS SERVICE

REAL PROPERTY ACTIVITIES
CONSTRUCTION AND ACQUISITION

For expenses, not otherwise provided for, necessary to construct or acquire buildings and sites by purchase, condemnation, or as otherwise authorized by law; acquisition of options to purchase buildings and sites; conversion and extension of federally owned buildings; conversion of leased facilities to federal ownership; preliminary planning and design of projects by contract and otherwise; and construction of new buildings (including equipment for such buildings) in the aggregate amount of $1,478,690,000 of which (1) not to exceed $479,690,000 shall remain available until expended for construction of additional projects at locations and at maximum construction improvement costs (including funds for sites and expenses, and associated design and construction services) as follows:

New Construction:

Alabama:
Montgomery, Courthouse Annex, $40,547,000

Arizona:
Tucson, Courthouse, $12,241,000

California:
Santa Ana, Courthouse, $25,193,000

Colorado:
Lakewood, U.S. Geological Survey Laboratory/Building, $25,802,000

Florida:
Orlando, Courthouse Annex, $7,724,000

Georgia:
Savannah, Courthouse Annex, $5,597,000

Louisiana:
Lafayette, Courthouse, $5,363,000

Montana:
Babb, Border Station, $333,000

Missouri:
Kansas City, Federal Building-Courthouse, $84,895,000
St. Louis, Courthouse, $176,863,000

North Dakota:
Pembina, Border Station, $11,113,000

Ohio:
Cleveland, Courthouse, $30,048,000

Pennsylvania:
Erie, Courts Complex, $3,335,000

Texas:
Austin, VA Annex, $1,430,000
Brownsville, Federal Building-Courthouse, $6,361,000
Laredo, Courthouse, $24,341,000

Virginia:
Charlottesville, U.S. Army Foreign Science & Technology Center, $4,178,000

Washington:
Blaine, Border Station, $4,472,000
Oroville, Border Station, $1,483,000
Point Roberts, Border Station, $698,000

West Virginia:
Martinsburg, IRS Computer Center, $7,547,000

Exhibit 25

General Services Administration
PUBLIC BUILDINGS SERVICE

REAL PROPERTY ACTIVITIES
CONSTRUCTION AND ACQUISITION

Nonprospectus construction projects, $126,000

Provided, That each of the immediately foregoing limits of costs on new construction projects may be exceeded to the extent that savings are effected in other such projects, but by not to exceed 10 per centum unless advance notice thereof is transmitted to the Committees on Appropriations of the House and Senate of a greater amount: Provided further, That all funds for direct construction projects shall expire on September 30, 1996, except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date: Provided further, That claims against the Government of less than $250,000 arising from direct construction projects, and acquisition of buildings, be liquidated with prior notification to the Committees on Appropriations of the House and Senate to the extent savings are effected in other such projects, (2) not to exceed $999,000,000 which shall remain available until expended for the conversion of leased facilities to federal ownership by acquisition of such facilities or similar replacement facilities which may include reasonable accommodation of agency expansion needs: Provided further, That the Administrator of General Services shall identify and select the communities and lease facilities best suited for conversion from lease to federally owned facilities based upon known long term programmatic requirements, prevailing market conditions and financial circumstances supported by analyses demonstrating that such acquisition is in the best interests of the federal government. Provided further, That funds appropriated under this heading may be transferred between the new construction and acquisition activities to the extent necessary to meet program requirement with prior notification of such action to the Committees on Appropriation of the House and Senate.

Exhibit 25

General Services Administration
PUBLIC BUILDINGS SERVICE
CONSTRUCTION AND ACQUISITION

Explanation of New Appropriation Language for FY 1995

For fiscal year 1995 GSA is proposing to establish a new account that will provide the necessary funding for GSA to construct and acquire facilities.

The Construction and Acquisition account will, through direct appropriations, provide GSA the resources to construct and/or acquire through other methods Federally-owned space. The authorities that GSA is proposing in this language are similar to the authorities previously provided in the Federal Buildings Fund, New Construction activity.

Significant differences are that:

1) associated design and management and inspection services are funded within the amounts made available for each line-item project. In previous years these services were funded within the Design and Construction Services activity.

2) the threshold for the settlement of claims without providing prior notification to the Committees on Appropriations has been increased from $100,000 to $250,000.

3) funding is requested for the acquisition of facilities that will replace leased space in the Acquisition of Facilities activity. The language allows the Administrator of General Services to select the candidates, based on prevailing market conditions, and select the method of fulfilling the need with notice to the Committees on Appropriations.

4) The proposed language changes the requirement from advance "approval is obtained from" to "notice thereof is transmitted to" the Committees on Appropriations for project escalation exceeding ten percent. This change will allow GSA to perform its program in a more timely and responsive manner. Further, the decision by the Supreme Court in INS v. Chada declared the practice of Congress delegating its approval powers to a Committee or Committees of Congress unconstitutional.

5) The proposed language allows amounts to be transferred between the New Construction and the Acquisition of Facilities activities as deemed necessary to meet program requirements by the Administrator of General Services with prior notification to the Committees on Appropriations.

Exhibit 26

General Services Administration
PUBLIC BUILDINGS SERVICE

CONSTRUCTION AND ACQUISITION OF FACILITIES
Obligations by Object Class

$ (Thousands)

	FY 1993 -	FY 1994 Current	FY 1995 Request
25.2 Other Services	-	-	1,265,264
32.0 Land and structures	-	-	56,378
Total Obligations	-	-	1,321,642

Exhibit 27

General Services Administration
PUBLIC BUILDINGS SERVICE
CONSTRUCTION AND ACQUISITION
PERFORMANCE AND WORKLOAD MEASURES

Construction and Acquisition	FY 1993 Estimate	FY 1994 Estimate	FY 1995 Estimate
a. New Starts Design & Construction (# of Projects)	18	27	28
b. Under Construction (# of Projects)	28	33	64
c. Construction Obligations ($ Millions)	$82	$1,540	$2,377

Workload includes projects previously funded by the Federal Buildings Fund as well as the Acquisition of Facilities Program in the Construction and Acquisition Activity.

WEDNESDAY, FEBRUARY 23, 1994.

INTRODUCTION

Mr. HOYER. The Committee will come to order.

At the outset, before we have testimony from GSA, it is my great privilege to once again welcome a very distinguished Member, one of the deans of the House of Representatives, the Chairman of the Judiciary Committee, former Chairman of the Government Operations Committee, dean of the Texas delegation, Sam Rayburn's chief adviser, the Honorable Jack Brooks, to our Committee.

We are honored, sir, by your presence, and you can proceed in any way you would like.

Mr. BROOKS. Thank you very much, Mr. Chairman.

I would like to submit a letter on behalf of Congressman Conyers and myself, and the Ranking Minority Member of the committee on Government Operations, the Honorable Bill Clinger regarding the need for FTS–2000 mandatory use language. I thought I would personally deliver it.

Mr. HOYER. That was nice of you.

STATEMENT OF CHAIRMAN BROOKS

Mr. BROOKS. Mr. Chairman, I appreciate the opportunity to bring several issues to the attention of this subcommittee concerning GSA's use of 1995 appropriations. As you know, my interest in Federal procurement spans 42 years. I have seen every possible proposal regarding how the Federal Government should conduct its business. And every few years, you can just mark it down on your calendar, the same proposals are circulated regarding the need to decentralize the government's procurement of computers and telecommunications equipment and services, commonly known as ADPE.

In 1965, I authored the Brooks Act, which provided GSA with extra authority to procure and to manage and to oversee governmentwide ADPE. Long before the national information infrastructure became the way of the future, the Brooks Act was already promoting those same concepts.

Now, centralization of ADPE procurements achieves tremendous savings by consolidating purchases, enhancing the government's ability to move computerized data between agencies, promoting sharing and compatibility across the government, interoperability and many other advantages.

According to the GSA, the Brooks Act has saved taxpayers $26.4 billion since enacted in 1965. And while it may not seem like a lot of money, $26 billion every few years does help.

Mr. HOYER. Only in Texas is that not a big amount.

Mr. BROOKS. It would be a big amount down in Texas. For the national government it is small, but it does help. But fraud, abuse, and lack of competition in the Federal ADPE procurements still occur. This is a direct result of the GSA abdicating its authority to individual agencies.

Further, many of the complaints about the length of time required for ADPE purchases result directly from faulty internal agency procedures, not GSA procedures or restrictions.

To curb these abuses, GSA needs to take back its central role in procuring, managing, and overseeing ADPE procurements by reclaiming its authority.

However, the GSA seems to be planning to hand over even more of its authority to the agencies. This will take Federal procurement back to the future, where inefficiency, and waste, and fraud abounded.

I believe that the Brooks Act is the government's best defense against such squandering of the taxpayers' money. Gutting the Brooks Act now would be like abolishing the police department in response to a crime wave. And I have learned, Mr. Chairman, that the GSA may be planning to do exactly that.

In his testimony yesterday, Mr. Johnson, the gentleman from Orange County, California—wonderful county, raises real progressive people.

Mr. HOYER. We have heard of it.

Mr. BROOKS. It is a great county. Fortunately, there is only one of it in the world.

But Mr. Johnson stated that the GSA should be a nonmandatory supplier of products and services. And this is in direct opposition to the Brooks Act, which requires the GSA to be the sole government supplier of computers and telecommunications resources, subject to delegations for smaller purchases.

I would like to highlight, Mr. Chairman, the most troubling proposals coming out of the GSA. First, GSA appears to be planning to cut personnel levels in the Information Resources Management Service, known as IRMS, charged with implementing most of GSA's responsibilities under the Brooks Act. It would be difficult to view substantial cuts at IRMS as anything less than the disembowelment of the critical oversight authority established by that act.

Second, the GSA is planning large increases in the dollar thresholds for automatic delegations of procurement authority, maybe up to $100 million, who knows, and exemptions for certain acquisitions from requirements analysis that is now up to about $2.5 million. They want to exempt some areas from even making those.

And I submit, Mr. Hoyer, that the government owes its taxpayers a reasonable analysis of its requirements and possible alternatives prior to proceeding with a multi-million-dollar procurement.

In addition, the GSA's plans to exempt purchases of commodities from oversight could reasonably cover almost all government ADPE purchases. And this appears to be just another weapon in their determined effort to abdicate GSA's central role in ADPE procurements.

Third, the GSA is contemplating tinkering with the protest procedures of the GSA Board of Contract Appeals. Without an effective enforcement mechanism, Federal agencies would be able to ignore the protections built into the Federal procurement system. A line item for the board's funding appears warranted.

In summary, the GSA has plans to exempt just about everything but the kitchen sink from the Brooks Act, to reduce the staff substantially, and to surrender management of Federal ADPE acquisitions.

This is a time of tremendous ferment in Washington regarding Federal procurement. Proposals for reform have come from all directions.

In such an atmosphere, there is some danger that change will be embraced for the sake of change alone while the real problems of procurement process go unaddressed.

Mr. Chairman, sometimes short-term savings result in long-term costs, which increase a thousand times over. We had that same issue in the system by which bids are made by architects and engineers. The government has a requirement that they be qualified, and that then out of those three they would have a price work out, not as the old system was, just to have a price consideration only, where someone such as you and I get an engineering license from a mail order school in Nashville, and we just submit an order, then you upgrade it or cut the quality. In the long run, those kind of bids cost the government a fortune.

Under the current A&E procurement system, the government builds buildings that will last. The air conditioning works the third year around, it doesn't go out the third year or the fourth year and you have to replace all the ducts, all the expensive work, do the flashing over, then repaint the whole blankety-blank building.

That is why you have to look at the long haul. Simply slapping a label of reform on a proposal does not make it a good idea, nor should that exempt it from congressional oversight.

I would recommend strongly that the subcommittee include language in the report reaffirming Congress's support of the strong yet flexible Brooks Act.

Also, Mr. Chairman, you know that the Treasury-Postal Service-General Government Appropriations bill has wisely included, with your support and help, a provision prohibiting Federal agencies from using any appropriated funds to bypass GSA's government-wide FTS 2000 telecommunications contracts. I strongly support the subcommittee's continuation of that wise policy.

FTS 2000 has been a huge success, and yet it is only halfway through its planned life cycle. GSA recently reported that this model Brooks Act procurement will net taxpayers $3 billion in savings over the 10-year period. The National Performance Review praised FTS 2000, declaring that the taxpayers are saving a bundle. The President's fiscal year 1995 budget includes the mandatory use provision.

The inclusion of this provision is even more critical now as GSA is really innovative now. They have really got a genius running it now. The computer business has a deep hatred for anything that the GSA ever did, you can tell. All GSA wants to do is cut the staff and the funding and the authority and give it all away to people who don't want to use it, and put it all back to where it was before the Brooks Act. That is the way the contracting community wanted it in the first place. They like it that way. It leads to cronyism and favoritism and fraud and abuse, investigations and trouble, and then you come right back to a system that has some controls.

But anyhow, what they want to do about FTS 2000, it works, so they are going to change it. First, they did propose terminating the FTS contracts early, and I don't agree with such a proposal. I am very happy to learn that they apparently—and I say apparently be-

cause I don't trust them that far anymore—that the GSA is reconsidering its position. They probably want to do away with it earlier. I don't know which way they will go. I think they will go for letting the contract run out. But the FTS 2000 contractors competed for a 10-year contract, and the government should honor it.

The FTS 2000 competition was a fascinating thing. There were three major parties involved, and their partners, Mr. Hoyer. The one that really promoted it all as a chance to get in and work on AT&T to get part of that contract lost. They didn't bid low enough. They lost and didn't get a thing—Just the breaks of the game.

And they have been a pretty good sport about it. They have stirred up a little trouble, but they have been pretty reasonable.

Mr. HOYER. Nothing you couldn't handle?

Mr. BROOKS. No. But they have been pretty reasonable about it. They understand. And so at the end of 10 years when this contract comes up, those three and maybe six others can all bid. And if the government can save another $3 billion, it will be worthwhile.

I would just say that they are also working on a deal down there in the Orange County GSA and Department of Defense to build a combined DOD-civilian network that would handle all telecommunications needs of all Federal agencies. The system would be designed and procured by the DOD in conjunction with GSA. It would remove GSA from the network management business, get them out of it altogether. And I am dead set opposed to a DOD procured and managed system.

The Brooks Act provides the GSA with that authority, not the DOD. The government's communications system should remain in the hands of a civilian agency. I don't think we ought to turn it all over to the Defense Department. I think that would be a fatal error.

Mr. Chairman, I appreciate your tolerance and letting me talk with you. I would be happy to answer any questions or be of any help that I could, now and in the future, as I start my campaign on the GSA. I believe this will just be the opening gun. I don't believe I have finished with them. Somehow or another, I don't get that warm feeling that they are trying to help.

Mr. HOYER. I am sure that will be reported back.

Mr. BROOKS. I want them to feel comfortable.

IMPROVING PROCUREMENT PROCEDURES

Mr. HOYER. You want them to feel something, that is sure. I guess comfortable is in the eye or the skin of the beholder.

Mr. Chairman, this committee always appreciates you coming over to give us your perspectives. As somebody who has been here for almost four decades, following, as you pointed out, government process and procedures with an eye towards making government run more efficiently and precluding fraud, waste and abuse. There is nobody in the House who has done more than you have, and we very much appreciate your comments. I have been concerned, and will look forward to discussing this with you further, as you observed that you think agencies, not the GSA, but user agencies have been the problem in procurement delays.

Mr. BROOKS. The internal operations procedures have been slow. If you want something, you want a new computer, then you have

to tell your manager that you need one, he has got to tell somebody else, they tell somebody else; they have got half a dozen or a dozen steps in a procurement that should take you as an active, hands-on worker, 10 minutes to lay out the issue to your own superior, who should be able to approve most office-type equipment. And it shouldn't take a half a day to get it done, if they will just stay off the coffee break and pay attention to it.

Mr. HOYER. Now, it is one thing to criticize the Orange County people, but now when you are talking about the Federal boys, we have got to be very careful, Mr. Chairman.

Mr. BROOKS. I understand. We do expect performance.

Mr. HOYER. We all do.

Mr. BROOKS. Some of them I think are working on the other side. And I want to be sure we get the difference.

Mr. HOYER. What you and I, and this committee wants to accomplish is to make sure—and I mentioned this yesterday—that we don't have a procurement process that is so slow in purchasing high-tech items, that they are out of date by the time we get them. In addition, we don't want to have a process where that person that you referred to can identify an off-the-shelf item that is fully satisfactory, that is so long, again, that by the time they purchase it, it is very substantially greater than the off-the-shelf item, even if we get a 5 or 10 percent more designer perfect package.

I know you are concerned about that, and I look forward to discussing that with you, as we consider these proposals, because I think we both want to accomplish the same objectives.

Mr. BROOKS. I really don't believe that the GSA is that slow about delivering. There is no reason for them to be. And I think it is the agencies that have delayed the process of getting it, and the combination works well for the people that are against the system. You can just multiply that and stretch one out. And I have seen people do that in my history. They are pretty devious. They are pretty careful about setting up the examples.

And when we passed the Brooks Act, everybody was against it, and the same people now, the same kind of industry people, the same kind of people have got their brothers-in-law in the business, he is a pretty good friend, they like him, and all the deals come on. It is just an open invitation to inefficiency and fraud. It is going to be a very interesting discussion on this GSA operation.

Because they have just turned it over, they have turned the meat house over to the lions, is the way I look at it. And I want to get that lion. The lions will die when shot. And I think that something needs to be done about it.

I think the people that work there are doing the best job they can. You can't blame them. And I don't. It is the management that is responsible for the drift of the GSA. That is where the problem is. And you have stopped them in the past, and we are counting on you to do it again. It is important. It is critical, really.

Mr. HOYER. I think this good cop/bad cop arrangement is going to work.

Mr. LIGHTFOOT. Which one of you is which?

Mr. HOYER. You will have to make that judgment.

Mr. BROOKS. It depends on which side you fall out on, Mr. Lightfoot.

Mr. HOYER. Mr. Chairman, not only have you been deeply involved in the procurement process in terms of the rules by which it is done including oversight, but also the program you mentioned in the latter part of your statement: FTS 2000. You testified last year you have been very diligent and vigilant in your oversight of the FTS contract.

Did you by any chance have an opportunity to see this article which appeared in January, by Donald E. Scott, who retired from GSA last week.

In the article he says he was in charge of apparently enforcing FTS mandatory use. Mr. Scott now is in the private sector, working at GTE I believe. Anyway, he says he didn't like this mandatory use process all along.

Mr. BROOKS. Nobody asked him. He wasn't in charge of making the policy. And he is not now. And he now works for GTE. Federal business marries with the Defense Department, for which it runs the worldwide open-end messaging system. So he wants to run the worldwide Federal Government telecommunication system as well. He is fitting right in with them.

Mr. HOYER. Do you remember—I am going to ask GSA as well—do you remember his making any comments at any time on this issue?

Mr. BROOKS. No. Never heard him say a word about mandatory use, being for or against it. Really, it never came up, I never considered what he thought about that. I figured that was a hallmark of the legislation.

Mr. HOYER. I want to tell you frankly, and anyone in the room——

Mr. BROOKS. Here is another one. You have got this marked: "It certainly seems to me that shorter term contracts, perhaps more contracts than the two awarded in the FTS would enable government to track this dynamic market much better."

Yes, well, he just got awful smart after it was all done. Where was he when we were trying to get that all set up? Sitting on his can somewhere drawing his pay. The companies were all upset, AT&T was upset, Sprint was about to have kittens, MCI was going to die in the street if they didn't get to do it, and the GSA said, No, we don't want to do anything.

So I told them that the equitable way would be to have an open bid and let whoever was the low bidder get 60 and the next one get 40, give them a 10-year contract. It was time for them to pay out and it has saved the government $3 billion.

Now, at the end of 10 years they will rebid the contracts. There was a rebidding in the middle of this contract. They provided, not a rebid but a renegotiation of the amounts because the technology, if it moves very rapidly, as it is, may reduce the cost of those services, and the government should get a part of that reduction.

And that is the way to do it. It is a good system and has worked very well. You would have thought that the world was going to come to an end when the two vendor approach was announced for the FTS 2000 contracts because AT&T said, "Why should we do it?

We have got it all now. We don't need any changes. Let's just stay with what we have got."

But they agreed that it was equitable to bid it, and no one was unpleasant about it in the final analysis.

As a final note my staff informs me that we can supply Don Scott's statements supporting mandatory use while he was at GSA, for the record.

Mr. HOYER. Good. I would like to have that.

Mr. BROOKS. I am just not familiar with it. I don't remember.

Mr. HOYER. I just saw this yesterday.

Mr. BROOKS. It is a good point.

[The information follows:]

JACK BROOKS
9TH DISTRICT, TEXAS
COMMITTEES
CHAMBERS
GALVESTON
HARRIS (PARTIAL)
JEFFERSON

COMMITTEE
JUDICIARY
CHAIRMAN
ECONOMIC AND COMMERCIAL
LAW SUBCOMMITTEE
CHAIRMAN

Congress of the United States
House of Representatives
Washington, DC 20515

February 28, 1994

The Honorable Steny Hoyer
Chairman
Subcommittee on Treasury, Postal Service, General Government
House Committee on Appropriations
H-164, The Capitol
Washington, D.C. 20515

Dear Mr. Chairman:

I appreciated having the opportunity to testify before the Subcommittee recently on issues relating to the General Services Administration (GSA). As you requested, I have attached a copy of several statements by Mr. Donald Scott, while he was Associate Administrator for FTS 2000, expressing unqualified support for "mandatory use" of FTS 2000. His recent statement opposing "mandatory use" was made as an employee of GTE.

I also appreciated the discussion we had at the hearing regarding delays in Federal ADPE procurements. I share your concerns that there are delays in some ADPE procurements. The contention that the Brooks Act plays a major role in those delays, however, is based largely on unsupported anecdotes. Much, if not all, of the delays in ADPE procurements can be traced to burdensome agency "red tape," failure to conduct adequate planning and to define requirements, and failure to follow Federal procurement laws and regulations, resulting in protests.

I realize that the Brooks Act frequently is a source of complaints from some Federal agencies. When the Brooks Act has been studied by objective, disinterested professionals, however, it stands up very well against its critics. For example, a few years ago, the General Accounting Office (GAO) studied the Department of Defense's use of the so-called "Warner Amendment," which exempts the Department of Defense's (DOD) procurement of certain types of ADPE equipment and services from the Brooks Act. The GAO report (GAO/IMTEC -86-29) determined that there was "little difference" between Warner Amendment and Brooks Act procurements in the acquisition procedures followed and total time needed to complete procurements.

The Honorable Steny Hoyer
Page Two
February 28, 1994

There is an inscription in one of John F. Kennedy's notebooks, "Don't ever take down a fence, until you know the reason why it was put up." The Brooks Act for many years has served the taxpayers well as a fence against waste and abuse in Federal ADPE procurements. I deeply appreciate the substantial effort you have made to work with me and others in the Congress who want to ensure that the taxpayers continue to benefit from the Brooks Act for years to come.

Sincerely,

Jack Brooks

Attachment

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES AUTHORIZATION ACT OF 1991

HEARINGS

BEFORE THE

LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE

OF THE

COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

SECOND SESSION

ON

H.R. 3161

TO AUTHORIZE FUNCTIONS AND ACTIVITIES UNDER THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, TO AMEND LAWS RELATING TO FEDERAL PROCUREMENT, AND FOR OTHER PURPOSES

AND

S. 260

TO PROVIDE FOR THE EFFICIENT AND COST EFFECTIVE ACQUISITION OF NONDEVELOPMENTAL ITEMS FOR FEDERAL AGENCIES, AND FOR OTHER PURPOSES

OCTOBER 29 AND 31, 1991

Printed for the use of the Committee on Government Operations

Mr. CONYERS. We have Mr. Scott here.
Mr. AUSTIN. Yes, sir.
Mr. CONYERS. You have never been before this committee before.
Mr. AUSTIN. No, sir, we have not had a chance.
Mr. CONYERS. First time.
Mr. AUSTIN. Yes, sir.
Mr. CONYERS. Don't you think it would be better if we let him come up when you are not here and we will have him by ourselves? Wouldn't that be better? He comes here, and he is sitting next to the head of GSA.
Mr. AUSTIN. Well, Mr. Chairman, certainly it is your prerogative to suggest whatever form you would like to have.
Mr. CONYERS. Let's bring him up. Let's see how he sounds before this committee.
Mr. AUSTIN. Would you like for me to step down, sir?
Mr. CONYERS. No, that is all right, since you are both here. We will probably have a special hearing—FTS, $25 billion worth, that is worth a special hearing. We can spare a few hours for him.
Mr. Scott, this is the single biggest part of GSA. We have had a lot of trouble here, and you have been designated. We have had to accept the resignations of a few people to get to you. Back when Jack Brooks was Chair, this concept started off. It is a long time coming. It is supposed to be state-of-the-art. And, last April, there were problems that threatened to sink the entire program, and we understand you have turned all this around and everything is OK now.
Mr. SCOTT. Thank you, Mr. Chairman, for allowing me to come and visit with you and Mr. Horton. No, it is not all finished, sir, but we are working very diligently.
Mr. HORTON. Mr. Chairman, would you yield for a moment?
Mr. Scott, tell us a little bit about your background. I don't happen to have a résumé in front of me. I have seen one, but give us a little background. Perhaps you might tell us exactly what your mission and your goal is.
Mr. SCOTT. Thank you, Mr. Horton.
I have spent over 30 years in the telecommunications business, about half of it as a civilian employee of the military as a systems engineer for about 15 years, developing military strategic communications systems.
I came to Washington in the middle 1970's and worked on the old FTS for General Services Administration, spent about 5 years with GSA, in central office in that assignment, and as the Assistant Regional Administrator in Forth Worth for the old ADTS, Automated Data and Telecommunications Service.
Then about 10 years ago, I came back to Washington as the Director of Telecommunications at the Department of Energy and spent most of my time with Energy in that role. I might say that during that time we—and I include myself in that—conceived the idea of the FTS 2000. I was a heavy participant from an agency viewpoint in that process. I served on the committee that advised the Administrator of GSA on the procurement itself.
I have since served on the Interagency Management Council which you folks put into place, and then I was very fortunate to have been selected for this position. I know it has been a very dicey

process, and I realize it has not had totally smooth times. It is a great challenge, and I feel very honored to be a part of it, the kind of a culmination, I think, in my career is to be able to participate in this and be a part of it, and I am very happy to be in this job.

I might say just a few words about some of the objectives that I have set for myself and the program. I would like to provide integrated effective program management for the FTS 2000.

Secondly, I would like to fulfill the agreement that this committee established with GSA and with the vendors in the 21-point agreement that was made between this committee and former GSA Administrator Terry Golden and the vendors.

I would like to provide high quality service to our users. I would like to insure that FTS 2000 prices are no more expensive than folks can buy the services for elsewhere, that the vendors are treated fairly in all of our dealings with them, and I would like to provide cost-effective management of the GSA program.

I want to insure compliance with the FTS 2000 mandatory-use legislation, and I want to maintain open communications with the Congress, other Federal agencies, OMB, and the public, and insure participation by the Federal agencies not only as users but as participants with us running the program, and to insure that problems and issues that you folks bring about are resolved in a timely way.

Mr. CONYERS. Well, I, at first, was disappointed in your background, because I thought there was going to be a heavy wheeler-dealer that could come in and work out the differences between AT&T and Sprint that had the respect of all of these multinational corporations. I am probably glad we didn't get that in the end. That could have been ruinous.

You seem to come out of a government-military mode, and don't have too many leanings one way or the other so that you may, in a more impartial way, be able to discharge the very complex responsibilities that are involved. And I hope that you can.

One of the things that we haven't been doing a good job on within the administration is having accountability for performance and setting goals. Now, we want to review that, not here today, but I just wanted to tell you now that is where we are coming from, and it is going to be very important that we set these goals and that you try to make them as effectively as you can, or that there be a good explanation about why that isn't the case.

Mr. Austin, we had a regional office in the Oakland area in which we had a minority-owned telecommunications firm in the Aggregated Switch Procurement program [ASP], and we have had all kinds of problems about that. We brought it to the attention of GSA, and they have now been meeting to find out how the small and minority-owned telecommunications business can fit into that, and I hope that that is done on a national basis.

We hope that you routinely analyze the opportunities for a small minority-owned business in all of these procurements, and we don't want them to have to be coming to us and then we go to you for them to even get in the door. I need you to monitor that part of your responsibilities with great care.

Mr. AUSTIN. Mr. Chairman, let me say, as to that specific issue, in the Oakland area—of course, that is the new Federal building we are building there in Oakland. We have an excellent contractor.

We have excellent small and small disadvantaged business programs in place, this particular section of it being the ASP integrated switch was a subcontracting component to the prime contractor. It was not dealt with as a separate entity at that juncture. We have now gone back and, in fact, I believe Mr. Olson from my shop is talking with the people in Oakland now to see what we can do.

Overall on that project, I would be more than happy to share those numbers with you at a later date, sir. I think you would be very pleased with what we were able to accomplish there in the small and small disadvantaged business area very similar to what we did in Chicago.

Mr. CONYERS. Well, that is very helpful because the IRS building in Detroit, which is a negotiated contract, holds great promise, and we have been comparing that with the Veterans Administration Hospital building which was a concealed bid operation. But, it is very hard to have sealed bids where you get into several hundred million dollars' worth of contracting and you open up the envelopes, and there you are subject to the confirmation of the numbers. I think that the negotiated process has been very, very helpful.

Mr. AUSTIN. As you know, Mr. Chairman, we now have the requirement that they provide us with their small and small disadvantaged business programs prior to the evaluation of the awards and the negotiated bid process, which I think speaks to that process very well.

Mr. CONYERS. Mr. Horton.

Mr. HORTON. Thank you, Mr. Chairman.

I want to thank both of you.

I especially want to say to Mr. Scott, you have got a very important responsibility, and as I understand it already since you have been on board, which has not been long, you have been able to effect some action that I think has been very helpful as far as this FTS 2000 is concerned.

I want you to understand, you have got the full backing of this subcommittee and this committee. I am sure you have the support of the Administrator. In a sense, you are the coordinator, the major force in making sure that this FTS 2000 works and operates. I know it is a tremendous responsibility, but I want you to know that you have a lot of support for your efforts.

As I see your job, you are the expert in making certain that the FTS 2000 is put in place effectively and it carries out the mandates of the Congress in the contract, which is, basically, 60–40 division. There is a new period of competition coming up shortly, and I am sure you are working hard with that.

I think at some point the chairman and I would benefit by having an opportunity to meet with you on a personal basis just to go over generally some of the efforts that you are taking to make certain that that contract is operating and it is saving money.

It is my understanding that large amounts of money are being saved as a result of the contract, but we do need to have somebody, and you are the one who has that responsibility, and I think with your background and your experience, at least you can talk the language, as I understand it, and that is very important in dealing

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1994

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

STENY H. HOYER, Maryland, *Chairman*

PETER J. VISCLOSKY, Indiana
GEORGE (BUDDY) DARDEN, Georgia
JOHN W. OLVER, Massachusetts
TOM BEVILL, Alabama
MARTIN OLAV SABO, Minnesota
JIM LIGHTFOOT, Iowa
FRANK R. WOLF, Virginia
ERNEST J. ISTOOK, Jr., Oklahoma

C. WILLIAM SMITH, ELIZABETH A. PHILLIPS, ROBYN C. BASON, and JENNIFER MUMMERT, *Staff Assistants*

PART 5

GENERAL SERVICES ADMINISTRATION

Printed for the use of the Committee on Appropriations

THURSDAY, APRIL 22, 1993.

GENERAL SERVICES ADMINISTRATION

WITNESSES

DONALD E. SCOTT, ASSOCIATE ADMINISTRATOR, OFFICE OF FTS 2000
WILLIAM P. CUNNANE, DEPUTY ASSOCIATE ADMINISTRATOR, OFFICE OF FTS 2000

INTRODUCTION OF GSA

Mr. HOYER. I am going to ask GSA to come forward. I apologize for not being able to be here for the entire hearing. Appearing for GSA is Donald Scott, the Associate Administrator of the FTS 2000 office, and William Cunnane, who is the Deputy Associate Administrator of the FTS 2000 office, and Mr. Scott, please proceed.

Mr. SCOTT. I will depart from my prepared statement.

Mr. HOYER. Your prepared statement will be included in full in the record.

SUMMARY STATEMENT OF MR. SCOTT

Mr. SCOTT. Thank you and I will try to comment on issues that I saw were highlights here this morning and try to leave a few minutes for questions for you, sir. I appreciate the opportunity to meet with you.

There are a couple points I want to make from my prepared testimony as to why mandatory use is of benefit to the program. It provides the benefits of economies of scale to the smallest as well as the largest. There are lots of small agencies around the government.

It becomes not only very difficult for them to acquire services, but if they go out on their own, they won't get the benefits of the economies of scale that we all have in the government as a whole through FTS 2000.

It streamlines the acquisition and implementation of telecommunication services for the government. If we don't do that, we end up with huge amounts of staff across the government performing the acquisition and management functions. The procurement process is not a simple matter today and we are going to incur very large costs with trying to implement telecommunications services in a fragmented approach.

And following on to that, the type of skills we need to do these things are critical, they are technical skills and procurement skills. They are critical in government, they are scarce as it is. It behooves us to leverage those as best we can.

Inter-operation among agencies is a great big thing these days.

Interoperability across agencies becomes a very, very difficult task if it is permitted to go fragmented. And last but not least mandatory use reduces the risks of these vendors when they were proposing, and it has been said two or three times before, all the vendors insisted that in order to invest—some spent as much as $100 million to put these proposals together, they needed some assurance for the marketplace to go forward with.

I will just make a couple of comments that came from the discussion this morning. And I will use your terms, Mr. Chairman. You were talking about the nub of the argument and where that came from. I will point out to you, and the issue that you were getting to was about economies of scale and what happens with that. We had a competition. We had a competition among three vendors. Other vendors did not choose to enter the competition. We had a fair and open competition.

AT&T and Sprint were the winners in that competition. We let the competitive process decide, and we entered into 10-year contracts with these vendors. It is written into the contracts that these are mandatory services. So the government made a commitment to that and I would submit that we ought to continue to maintain that commitment, a commitment that all the vendors in the competition asked for.

Now, just a couple other points that I think might help in clarification. With FTS 2000, we are not trying to be out at the leading edge of technology. We are trying to offer services most commonly used by the agencies, those that are available commercially, at a good price. That is our objective. We don't try to do everything for every agency.

It has been alleged a time or two this morning that we inhibited agencies from innovating. If we don't offer the services on FTS 2000, we permit the agencies to go on their own to obtain the services with a proviso that if at some future time the service becomes available on FTS 2000, then they will be obligated to take the service whenever their contract runs out or it otherwise becomes cost effective for the Government. We don't try to offer every service and we don't hinder the agencies from innovating.

On enhancements, and the issue that was discussed up here was what is the basis for the protest. The basis for the protest is the vendors are contending that the enhancements are beyond the scope of the contract. A lot of people spent a lot of time thinking about how these contracts ought to be constructed, realizing that technology would change over the 10 years and the contracts ought to be permitted to be enhanced as new services become available and are required by the Government. We think it is proper, but that is the basis. They allege that it is not within scope.

I think I will leave the remainder of the time for you to ask questions.

[The statement of Mr. Scott follows:]

General Services Administration
Office of FTS2000
Washington, DC 20405

SEP 2 1 1992

The Honorable John Conyers, Jr.
Chairman
Committee on Government Operations
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing to express my appreciation for the continuing support you have provided for the Federal Telecommunications System 2000 (FTS2000) program and to bring you up to date on the progress of Price Redetermination/Service Reallocation (PR/SR). Your vision of the FTS2000 goals and your perseverance in pursuing those goals have provided us opportunities to keep the program on track and ensure its success.

In November 1991, shortly after my appointment as the Associate Administrator for FTS2000, we reported on General Services Administration's (GSA's) efforts to enhance the operation of the FTS2000 program. We indicated that one of the areas which would receive priority attention in the coming year was FTS2000 prices, in particular, PR/SR.

We have been preparing for PR/SR as provided for in years four and seven of the contracts, since contract award. This process is intended to ensure that the Government continuously receives the best prices over the life of the FTS2000 contracts. The final document soliciting new prices for the upcoming PR/SR was issued in February and the final offers were received in mid-August. We are completing a preliminary evaluation of the offered prices. Further, as required by the PR/SR document, the new prices inclusive of any value-added services should be below the lowest possible commercial prices. Coupled with our enhanced Publicly Available Price Cap (PAP Cap) mechanism, we will ensure that prices remain comparable to commercial prices for all FTS2000 services.

We intend to advise you of the final results in early October, with a public announcement to follow. The new prices will become effective December 7, 1992. Our next step will be to undertake a rigorous analysis and to prepare a report on the cost effectiveness of FTS2000 using the new prices.

Federal Recycling Program Printed on Recycled Paper

The Congress is about to decide whether to enact the mandatory use provision that the President has requested. Knowing that PR/SR coupled with the enhanced PAP Cap mechanism will achieve the FTS2000 program goals is an important consideration for that decision. The overarching public policy direction represented by the mandatory use legislation is something more than a legal or contractual issue. This legislation, joined in by the Congress and President together, is the public policy underpinning of this program. FTS2000 is a Government reform initiative which has worked more successfully than anyone ever imagined, saving the taxpayer over $500 million to date. If we are to build on this success for the future, renewal of the mandatory use legislation is absolutely critical.

I would like to again thank you for the continuing commitment and support you have provided to the FTS2000 program. If you or your staff have any questions, please contact me on (202) 208-7493.

Sincerely,

Donald E. Scott
Associate Administrator

Congress of the United States
House of Representatives
Washington, DC 20515

February 10, 1994

The Honorable Steny H. Hoyer
Chairman
Subcommittee on Treasury, Postal Service, General Government
Committee on Appropriations
H-164, The Capitol
Washington, D.C. 20515

Dear Mr. Chairman: Steny

As you know, for the past several years, the Treasury, Postal Service, General Government appropriations bill has included a provision prohibiting Federal agencies from using appropriated funds to by-pass GSA's government-wide FTS 2000 telecommunications contracts. This "mandatory use" provision has been re-enacted annually since the FTS 2000 contracts were awarded in 1988. We are writing to express our support for the continuation of this wise policy.

Congress originally enacted the mandatory use statute to reduce the risks inherent in the FTS 2000 program, to ensure the economy and efficiency of the new network, and to eliminate unnecessary duplication of capabilities and possible incompatibility among government telecommunications systems. It consistently has been the position of the Congress that full participation in FTS 2000 by all Federal agencies is essential to the success of that procurement.

In fact, FTS 2000 has been, by any measure, an obvious success. In 1992, GSA reported that this model procurement would net taxpayers $3 billion over the life of 10-year contracts. The Clinton Administration, like the Bush Administration before it, has expressed support for FTS 2000 and for mandatory use. The President's fiscal year 1995 budget, recently submitted to Congress, includes the mandatory use provision. The President's National Performance Review report recently praised FTS 2000, declaring that the "taxpayers are saving a bundle."

Finally, we want to thank the Appropriations Committee for its continued support of FTS 2000. It is clear that the Appropriations Committee shares our determination that the Government receive high quality telecommunications services at the lowest possible price. FTS 2000 has been and remains a "good deal" for the agencies it services and the American taxpayers. Your support again this year is critical. If we can provide any further information, please contact any of us directly.

With warmest personal regards,

Sincerely,

JOHN CONYERS, JR.
Chairman,
Committee on Government Operations

JACK BROOKS
Chairman,
Committee on the Judiciary

WILLIAM CLINGER, JR.
Ranking Minority Member
Committee on Government Operations

Mr. HOYER. We went pretty extensively into mandatory use last time.

Mr. BROOKS. You did a good job on it.

Mr. HOYER. We had a hearing on it, we had all the folks in, and we decided to stay with the present policy. Of course here we are one year later, and I would doubt that we are going to look at this as extensively as we did last year. GSA and the 1995 President's budget has recommended staying with the policy.

Thank you.

Mr. Lightfoot?

PROCUREMENT REFORM

Mr. LIGHTFOOT. Mr. Chairman, Mr. Brooks.

Mr. BROOKS. Your Honor.

Mr. LIGHTFOOT. Same to you, sir. It is good to see you this afternoon. Talking about the fuzzy feelings between you and GSA——

Mr. BROOKS. They are not as fuzzy as they used to be.

Mr. LIGHTFOOT. Are they going to view this Brooks bill as something comparable to a ride on a bicycle seat down a gravel road?

Mr. BROOKS. That is what I had in mind for them.

Mr. LIGHTFOOT. You talked about this procurement thing.

Mr. BROOKS. The seat just slipped off.

Mr. LIGHTFOOT. It wasn't well designed, obviously.

Mr. BROOKS. That central nut came loose.

Mr. LIGHTFOOT. The bipartisan bolt fell out.

Your comments earlier with the Chairman on the procurement process, and we see this in a lot of areas within the government, probably the worst procedure we have got is with the FAA, they are absolutely incredible about getting something through there that you want to buy.

Mr. BROOKS. They would be high on the list.

Mr. LIGHTFOOT. I think this is an area that we do need to look at and it could be streamlined and made more efficient. We appreciate your coming by, and not trying to diffuse your point of view in any way, shape or form, it is always pretty easy to understand where we stand with Jack Brooks, and I like that. That is part of being a Texan.

Mr. BROOKS. You know, I don't have any stock in any of those companies. I don't give a damn which one of them has anything. I am not trying to sell anything to the GSA or buy anything from them. But when they do buy it, I want them to buy it at the right price, and I want them to be efficient in the operation.

I don't think the government can afford mismanagement anymore. Things are too tight. There are too many things for us to do. There are too many restraints on taxes, too many restraints—I mean, encouragements for expenditures. We have so many things to—places to put it. We can't afford to be wasting it. That is my theory.

And these people are making a pretty determined effort just to go directly against the grain, back to where it was in 1964. Just dead set headed that way. Take the authority away, cut the staff, cut the money, give away what authority you have got, delegate everything.

And I just don't understand where they are coming from. I guess I ought to have a long heart-to-heart talk with them. I did visit with them once. I just didn't understand his theory of the world.

But I don't believe that Congress is going to turn it all over to the industry to just play games with it. The rest of the industry has not supported this. They have not been jumping up and down. He is just initiating this himself. He is a great advocate of doing away with the agency.

If they are going to do away with this facility, if the GSA is not going to meet this basic responsibility, they ought to abolish the entire agency, because they must not have the guts to do anything if they won't do this that is obviously necessary, useful, and has a vibrant life to it.

What are they down there for? Why don't they just delegate everything to everybody else and go home, quit, close the door, clean out the house and rent the office?

Mr. LIGHTFOOT. For the right price.

Mr. BROOKS. I don't think I would let them rent it. And I wouldn't turn it over to the Defense Department, either. We have examined a few Defense Department expenditures. I am telling you, it is not easy. I don't understand. You all have a tough go on that committee, handling money.

Mr. LIGHTFOOT. I don't think there is much disagreement on this committee on either side of the political aisle as far as what you just said. I totally agree with you, we have got to be more efficient, we have got to get the most bang for the buck. Under the leadership of Mr. Hoyer, I think we have taken some steps in that direction. We have still got a long way to go, but we have started that way, in all of the things we deal with here. And where the difference of opinion may come is exactly how we get to that point. But I think that is the ultimate goal we are all shooting for.

And I think the Chairman made a good point a minute ago, too, that, for example, when we deal with GSA out of the Kansas City office for our district, great people, you call them up, things happen, it gets done. But the problem is in the management level. And I concur with you on that.

Thank you for coming.

Mr. HOYER. Mr. Wolf, do you have any questions?

Mr. WOLF. No questions.

Mr. HOYER. Mr. Chairman, we are not going to charge our visitors here today extra, but they got extra value for this hearing in having the opportunity to see you testify, sir.

Mr. BROOKS. Thank you, sir.

INTRODUCTION

Mr. HOYER. We are pleased to hear today from the Chief Financial Officer of the General Services Administration, and we welcome Mr. Fischer, and also seated to his left, Mr. Early, our good friend who does such good work with this Committee on a continuing basis.

Mr. Fischer, you can proceed any way you wish.

Mr. FISCHER. Thank you, Mr. Chairman.

Mr. HOYER. We will include your full statement at the appropriate place in the record.

SUMMARY STATEMENT OF MR. FISCHER

Mr. FISCHER. I echo the comments about Bill Early. After working with Mr. Early, I found him to be the consummate professional and he has been of tremendous assistance.

Accompanying me today are Cynthia Metzler, our Associate Administrator for Administration; Roger Daniero, Commissioner of the Federal Supply Service; Joe Thompson, Commissioner of Information Resources Management Service; Bill Cunnane, and John Neale, Acting Deputy Commissioners in the Federal Property Resources Service.

I would like to add two things from the statement on the budget questions, and that would be, following the NPR recommendations we are requesting consolidation of what has been previously and are today four small appropriated accounts into one larger appropriated account, which will be known as the Operating Expenses, GSA account. We are also proposing to combine the internally reimbursable support GSA provides to its various services into our Working Capital Fund. So there are two restructurings. They fit very much in the context of the recommendations of the National Performance Review.

Mr. Chairman, since I preceded Mr. Johnson as Acting Administrator, I probably should take all the heat for what happened before. I want to thank you personally for the kind of help and support you gave us during that time. It was a very trying time for us as an organization. When you appeared and helped us celebrate the recognition of some of the senior executives for the fine work they do, we really appreciated it.

With that, we would be happy to answer any and all questions.

[The prepared statement follows:]

STATEMENT OF DENNIS J. FISCHER
CHIEF FINANCIAL OFFICER
GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE,
AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

FEBRUARY 23, 1994

Mr. Chairman and Members of the Subcommittee:

I am Dennis Fischer, Chief Financial Officer of the General Services Administration. I am very pleased to appear before you today representing the Operating Expenses, General Services Administration appropriation account. I am accompanied by Ms. Cynthia A. Metzler, Associate Administrator for Administration, Mr. Roger D. Daniero, Commissioner, Federal Supply Service, Mr. Joe M. Thompson, Commissioner, Information Resources Management Service, Mr. John Neale, Acting Commissioner, Federal Property Resources Service and Mr. William B. Early, Jr., Director of Budget.

The fiscal year 1995 budget for the Operating Expenses, General Services Administration (OE,GSA) account proposes consolidating four individual salaries and expenses and operating expense appropriations accounts into a single appropriation for the Agency. This will offer some much-needed flexibility in implementing initiatives, and it is also consistent with National Performance Review (NPR) objectives to reduce and simplify account structures. The new account will support appropriated functions of the Federal Supply Service, Information Resources Management Service, Federal Property Resources Service and certain general management and administration functions. The $133.8 million requested for these functions in FY 1995, a net reduction of $2.5 million from 1994, represents an extremely small part of GSA's total financial operation. However, these functions are critical to the effective management, oversight, and policy direction of the agency and provide the impetus for many NPR and other cost saving initiatives which we should and must accomplish.

The fiscal year 1995 budget also proposes expanding the Working Capital Fund to include the general management and administration centralized internal and external reimbursable administrative support functions previously included under the General Management and Administration appropriation account. The other function, currently in this fund, is the centralized printing, duplicating, and distribution operation. This new funding structure will provide GSA with greater ability to respond to customer needs.

Imminent changes in GSA's environment are challenging GSA to pursue new and different initiatives in order to be the provider of choice throughout the Federal Government. This budget will continue to support initiatives that improve customer service, simplify administrative process, empower employees and provide investments in office technology.

Our efforts to become a non-mandatory source of supplies and service, simplify the procurement process, become a preferred business partner to our customers and vendors, and maintain a high quality diversified workforce, will be greatly enhanced by the leadership provided through the policy direction activities of the GSA Services and Staff Offices. These organizations have a critical role to play in the reinvention of GSA, and in re engineering the climate in which the services provided by GSA can be entrepreneurial, effective and increase our commitment to excellence.

The Federal Supply activity provides for policy and regulatory activities for Government-wide programs to support customers while maximizing operational efficiency and reducing costs to the Government. These programs include property management, transportation, and travel services, aircraft management, mail management and schedules contracting.

The Information Resources Management activity provides for development and coordination of Government-wide polices, procedures and regulations to ensure that Federal agencies procure, manage and use information technology resources as effectively and efficiently as possible.

The Federal Property Resources activity provides for development and coordination of Government-wide polices that promote the maximum utilization of resale property by Federal agencies and the transfer among agencies of excess real property. It also provides for the disposal of surplus real property by sale, exchange, lease, permit, assignment, or transfer as well as the protection and maintenance of excess and surplus property pending its disposition.

This completes my summary statement, Mr. Chairman. We would be pleased to respond in greater detail to those areas of specific interest to the Subcommittee.

EXCELLENCE OF THE FEDERAL WORK FORCE

Mr. HOYER. Thank you for your comments.

I was teasing the Chairman, who is a good friend of mine and really a great Member of Congress, but I think all of us have a tendency, because we disagree on policy sometimes, to unfortunately diminish our perception of the real quality of work that is done by our Federal work force. Their morale sometimes is assaulted, which is unfortunate, but I think they do an extraordinary job, and I have not talked to anyone who has come from the private sector to manage a Federal agency who has not made the observation that at each level of government they find people as highly motivated, as talented, and as hard working as in the private sector. I think it is necessary for us to reiterate that. The public doesn't believe that because it is a lot easier to believe something else.

Like any big business that hires a lot of people, employees sometimes are not the way they ought to be, and unfortunately a lot of times they are the people most seen by the public.

GOVERNMENT VS. PRIVATE INDUSTRY COST OF SUPPLIES

I am concerned about the perceptions that the Federal agencies are paying more for supplies than they would pay private sector companies. How do you respond to this perception? Are GSA's prices higher, and where do you think we are on this issue?

Mr. FISCHER. I will respond generally, then ask Roger Daniero to provide some specifics.

Our observation is that in all of the market tests that we do, and they are extensive, that on the average, the prices that we charge to provide materials to our Federal customers are at or well below those that are equivalently commercially available. We have done a number of market-based comparisons that have revealed that to be true and to my recollection that has also been generally substantiated by GAO findings. But I would ask Roger to specifically respond.

Mr. HOYER. You are welcome to have a seat.

Mr. DANIERO. This is a continuing question that we are asked, being in the kind of business we are in, trying to provide in a competitive fashion supplies to government agencies. Obviously government agencies may from time to time feel they can buy something cheaper from a local supply store or something like that than from GSA or their local supply service.

I think that one key is the fact that when government operations made us an industrially funded source, they also asked us to be nonmandatory. So I think one test is that the agencies don't have to buy from us. So if they can in fact buy cheaper elsewhere, they can do that.

We require that if they are going to buy in quantities above $5,000, that they notify us, so that if we have inventory on hand that might be in excess that perhaps we can work out an arrangement to sell them that at a lower cost so the government doesn't end up excessing something like that. But in general we compete with the open market, and they have the freedom to go to Staples or Office Depot or any other source if they can buy it cheaper.

And since 1987, when we went under this system, our business has been fairly constant, even with the downsizing going on at the Department of Defense, with the number of people reducing, 30,000, whatever, closing bases, you are going to have a drawdown in some of your—the number of supplies and so forth you need.

So we think that is a pretty good test. We also have from time to time market baskets, where we compare prices. We did a competition, as a matter of fact, with an office supply house in the mid–1980s, Boise–Cascade Office Supplies, and we gave them the territory, as a matter of fact, in Kansas, Nebraska, Iowa, Missouri, we gave them that territory, gave them a contract, and they competed with us for three years. After that three years, we evaluated their performance against our own retail supply outlets.

And the conclusion was that they were anywhere from 8 to 10 percent higher over that entire period. They knew this was a test. They knew if they could beat us they could perhaps get us out of the way and get us out of the business, yet we were able to sustain our prices and our competition with them.

And I think in the end result it shows that if that kind of pilot had been continued, the cost to the taxpayers would have been significant based on the price differentials.

Mr. HOYER. Do you have examples from discussions with agencies, that say, "We tried to go to Home Depot or Staples or another large supplier with discounts available, and we were unable to get cheaper prices?" In other words, has somebody said you guys are doing a pretty good job because we tried to get it someplace else and we couldn't get it cheaper?

Mr. DANIERO. Let me give you some good examples. Agencies who don't have to use us at all, okay, who had contracts with these kinds of supply houses, for example the United States Postal Service, are canceling their contracts with some of these supply houses and switching over to GSA because the prices are better.

And the Postal Service is not required to use us at all. They are not even under the FAR in terms of how they operate. It is a quasi-business. People like the American Red Cross.

Mr. HOYER. Who is in charge of purchase in the Postal Service? Do you know off the top of your head, who is your counterpart?

Mr. DANIERO. Mr. Darryl Porter. As a matter of fact, another thing they are starting to do is shrink down their warehouses, close some of their warehouses, because they decided they could get wholesale supplies from GSA cheaper than they were buying it and storing it themselves and distributing it to their Postal Services and so forth. In fact, we have put in a special system for the Postal Service to use telephone ordering, using the touch-tone pad on the telephone to place orders electronically with our center and it is processed automatically, and we use UPS to ship it to them. So it is a pretty fantastic operation for them.

I think another testimonial is an article in the Federal Executive magazine where they went out and tried to buy—this is I think the

January issue or December issue—they went out to try to buy products on the open market and compared them with the Federal supply service. And while they went into the article, I think, to criticize us, they turned it around and said, our prices are better.

Mr. HOYER. Do you have a copy of that article?

Mr. DANIERO. Yes, we do.

[The information follows:]

EXECUTIVE MEMO

Freeh Remakes FBI

Major organizational changes at the Justice Department and at the Federal Bureau of Investigation will give FBI director Louis Freeh substantial new powers.

Two weeks after being sworn in as FBI director on Sept. 1, Freeh announced an overhaul of the domestic law enforcement agency that would eliminate two of the bureau's most senior positions (the associate deputy director for investigations and the associate deputy for administration), abolish 47 high-level jobs and push more headquarters staff out into the field. The changes were in line with the recommendations of a task force report that was commissioned by Freeh's predecessor, William Sessions.

At a press conference, Freeh billed the changes as cost-cutting steps. Another purpose, many believe, is to flatten the FBI hierarchy so as to give the new director more hands-on control of the FBI's workforce, which numbers more than 21,000 employees.

Freeh doubtless would like to avoid the kinds of personnel problems that have given the FBI a black eye in recent years, including allegations of harassment of minority and female staffers. Yet another case surfaced the very week Freeh announced his shake-up, when Suzanne Doucette, a Tucson-based FBI agent, alleged her superiors had put her on unpaid leave to retaliate for her testimony about sexual harassment at the FBI before a Senate committee last May.

Freeh has increased his ability to stay ahead of potential problems by expanding the director's personal staff by hiring three men from outside the agency. All are close associates from New York, where he served as a federal judge and Manhattan prosecutor. He has also sent a signal with early promotions of career FBI officials—one African American, one female and one Hispanic—to high-level bureau positions.

Beyond the internal changes he has made, Freeh has received new powers through a reorganization of the Justice Department undertaken by Attorney General Janet Reno. Under the new plan, the FBI director will also be Justice's director for investigative agency policies, a coordinating role, the purpose of which is to cut down on overlapping missions of the department's different law enforcement arms. Reno's move came in response to a recommendation by Vice President Gore's National Performance Review that Justice consolidate the Drug Enforcement Administration (DEA) into the FBI. Reno ruled against the proposed merger, in a decision whose essence was captured by a *New York Times* headline: "Bureaucracy 1, Gore 0."

QUOTE UNQUOTE

"I can't visualize these folks being change agents. Can you imagine someone making $115,000 a year . . . wanting to change? That's your SES."

—**John Sturdivant,** president of the American Federation of Government Employees, on what career Senior Executive Service members bring to the reinventing government process

Price War

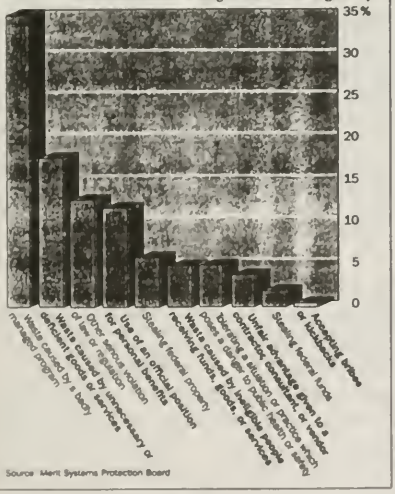
Shortly after the National Performance Review was released last fall, Vice President Gore announced that reforming the federal procurement system would be the "first target" during implementation of the NPR. *(See "The Federal Marketplace," p. 48.)*

Gore's argument goes like this: the procurement system was designed to take advantage of the government's bulk purchasing power, so it is highly centralized. But federal procurement rules were written when retailing was highly stratified and substantial price markups along the path from wholesaler to consumer were common. "Today the game has changed considerably," says the NPR report. "Retail giants like Wal-Mart, Office Depot and Price Club are vertically integrated, eliminating the markups of intermediaries. Bulk purchasing has its advantages, but it is not always necessary to get the best price."

To test this theory, *Government Executive* decided to do a

HIGHLIGHTING WASTEFUL MANAGEMENT

In a recent survey on whistleblowing in government, 18 percent of federal employees said they had observed or obtained direct evidence of illegal or wasteful activities. The most common abuse, respondents said, was waste caused by bad management of programs.



Source: Merit Systems Protection Board

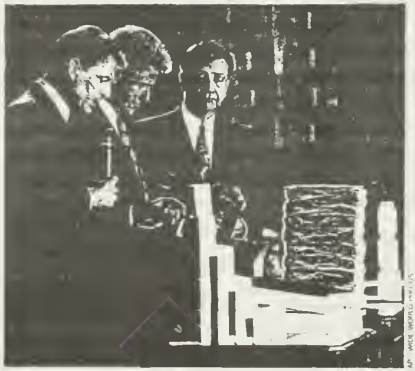
comparison of prices of common office supplies at an Office Depot outlet in downtown Washington and at the General Services Administration's Federal Supply Service, which buys such supplies in bulk and resells them to agencies.

Office supplies were singled out by Gore in a White House photo opportunity the day after the performance review was released as providing a great opportunity for savings. Holding up a package of computer disks, Gore said: "A federal employee on his own initiative went out and bought these at a discount store. He bought a packet of 10 for $10.99 and got a coupon giving him a $2 discount for the next order of 10. In the centralized procurement system, the same exact package costs $11.37 without the coupon."

The employee in question must not have been a very careful shopper. A package of ten 3M double-sided, high-density disks at Office Depot was available for only $8.99. But the same disks were advertised in an October Federal Supply Service catalog for only $8.49.

Price comparisons of other common office items showed that in most cases, FSS offers an even bigger bargain.

- **Transparent tape.** At FSS, a 36-yard roll is 65 cents. At Office Depot, the price is $1.29.
- **Postable note pads.** A 10-pack of three-inch-square pads costs $3.80 from FSS. Office Depot price: $5.75.
- **Photocopy paper.** At FSS, a box of ten 500-sheet bundles costs $18.99. At Office Depot, prices for various brands ranged from a low of $16.99 to a high of $33.92.
- **Toilet paper.** Agencies can buy 96 rolls for $27.95 from FSS. At Office Depot, the price is $37.70.

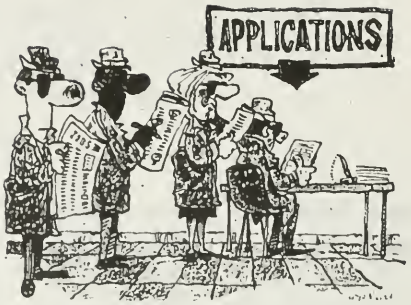


GSA's prices for supplies may be better than President Clinton, Vice President Gore and GSA administrator Roger Johnson think they are.

In From the Cold?

For spies who came in from the Cold War, the job outlook is not necessarily warm and cozy. Budget cuts beginning in 1992 will force the Central Intelligence Agency to slash its estimated (but not confirmed) workforce of roughly 17,000 by nearly 18 percent by 1997. The problem is that in the world of espionage, they have a name for employees who seek lateral movement in the marketplace—they're called "double agents."

The CIA's answer has been to promote its talent bank of retiring employees to the commercial world. In a brochure mailed out to more than 5,500 business executives around the country last August, CIA officials stressed that their employees have some very valuable and unique skills.



Need someone who can keep mum? "The Company" may have just your man, or woman for that matter. How about someone cool under pressure? You don't know from pressure until you've worked in the world of cloak and dagger. Worried about time-consuming and expensive background checks for potential employees involved in sensitive contracts? These folks have passed background checks your security experts haven't even dreamed of yet.

CIA officials stress that actual spies are the tip of an iceberg of analysts, military affairs experts, linguists, engineers, economists and political scientists. Nor will former employees have to jump at the first offer they get. The agency has offered cash buyouts of up to $25,000 for 600 staffers who've taken early retirement during the past year.

And have we mentioned they can really *really* keep a secret?

IRS Cracks Down

The IRS is aiming a new compliance initiative at an unlikely group of potential cheats: its own employees.

Later this year, the Service is planning to begin using its computer matching powers to help identify employees for illegal siphoning of taxpayer refunds, improper accessing of confidential taxpayer information, or engaging in other abuses of taxpayer money or data on the job. The plan, publicly announced in the *Federal Register* in mid-October, is slated to start up before the end of 1993.

The groundwork for the announcement was laid earlier this year in a written agreement between IRS deputy commissioner Michael Dolan and the agency's chief inspector, Gary Bell. That contract called for the matching of various internal records against taxpayer documents to determine whether IRS employees were improper channeling taxpayer refunds. Matches may include comparisons of addresses to which refunds were sent against employee addresses. Also, questionable refund records could be matched against various employee data. For example, computers, the agreement said, could be used to match employees' Social Security numbers against cases in the IRS's questionable refund detection program.

Information gathered from the matching initiative could be used as a starting point for an IRS Inspection Service investigation, although IRS officials ac

OPERATING COSTS

Mr. HOYER. Let me ask you an additional question. How much is the FSS operating budget?

Mr. EARLY. About $41 million is the appropriated request.

Mr. HOYER. If you added the $41 million into the prices of the products you sell to the agencies, and thereby made yourselves a self-funding agency, what would that do to the prices of your products? In other words, is that a small enough number, that the 8 to 10 percent differential on average of which you speak would not be offset?

If we decide, look, you have got to run a self-supporting office, obviously you would have to put the operating costs into the cost of your product. Would it still be a savings?

Mr. DANIERO. I believe it is a matter of how we approach it. I think the biggest number in there is about $20 million for the Federal supply schedule program, in which we make contracts for the government to directly purchase commercial products from multiple sources. They purchase them and they pay for them, and it is just a contract. It is a master contract we set up for the entire government for copiers, for office furniture and so forth.

What we would like to do is figure out a mechanism to——

Mr. HOYER. Am I correct your thought would be that that component would not be properly a——

Mr. DANIERO. What we would like to do is put in a mechanism to assess a charge on a per item or per product basis on that program to offset the cost.

Mr. FISCHER. I think the thought behind that is to level that playing field, since these other suppliers have costs of obtaining contracts, when you buy off the schedule right now, in effect it is like subsidization of our products just on the schedule, because of the promoted money covering the contract function. We want to try to work that out to get that into——

Mr. HOYER. The bottom line is this, obviously. If it costs you $41 million to supply these products, and if the savings is $41 million, then it is a wash. Maybe I ought to let the private sector run the costs out, let the private sector, you know, make that money, in effect, and offset those costs.

On the other hand, if there is a differential where you could fund yourself and there is still a savings, then it is worthwhile having it in the public sector, because the taxpayers are saving money.

Mr. DANIERO. I think there is a potential differential in that right now a company doing business with the government on the multiple-award schedule essentially has to invoice each and every Federal agency. In fact, the activities within a Federal agency, they may be sending out thousands of invoices and then waiting to collect on those invoices. They probably have a significant accounts receivable operation just trying to track what the government owes them, et cetera.

In setting up something on a reimbursable basis in the schedule, we could perhaps do central billing, and that would be worth enough to the vendors that I think that would, by charging them an extra 1 percent or something, cover the costs of the program. And they would be saving as well.

Mr. FISCHER. I would add one thing, Mr. Chairman. Of that $41 million, not all of those costs are directly related to the supply activities. We also have the personal property utilization and donation program and some policy functions and things like aircraft management and the like. So it is not a totally homogenous account that makes up the $41 million.

Mr. EARLY. We have been doing comparisons with Home Depots, Staples, and stores like that on the type of supplies he was talking about. That program is receiving no additional subsidy today. There are no program costs that this appropriation will cover for those types of supplies today.

Mr. HOYER. Mr. Lightfoot has to leave at 3:00 so let me yield to him.

Mr. LIGHTFOOT. Thank you, Mr. Chairman. I appreciate that very much. I will submit some questions for the record a bit later.

OVERALL COSTS

Along the same line as the Chairman was asking the questions, in terms of not requiring the mandatory sources issue of supplies, Federal purchases, letting people go out and purchase in the private sector, when you find that taking place, does this have an effect on your economies of scale?

I know, for example, in our district office, we have got five of them scattered over Iowa. On occasions we can find things locally cheaper than we can get them going through GSA, so we do.

I guess if you follow through on what the Chairman was talking about, it is an interesting approach, if you factor in your overall cost, because that is what, you know, Staples or any of these outfits do. Their insurance and their trucking and employees, that all has to be figured in.

Without obviously having that knowledge in hand with you today, I guess we have to make an argument, do we justify keeping the whole thing going? It seems to me if you figure that $41 million in and it comes out of the price equal to or higher than the private sector, then you have got a difficult argument to make.

Mr. DANIERO. I think the point here is that the $41 million is not associated with the kinds of programs—as Dennis pointed out, right now in the supply side of the program, where we provide our stock and special order and all those programs, the total costs of those programs are in that price.

Mr. HOYER. So none of the $41 million subsidizes——

Mr. DANIERO. No. My salary, everybody's salary, Dennis provides to me; computers, everything is in that price.

Mr. EARLY. Legal support, everything is in there, just as in the private sector.

Mr. LIGHTFOOT. I appreciate your clarifying that. Is it true your name was on the requisition for the Mayflower? Bill has been around quite a while.

Mr. HOYER. I said he was here longer than I. The date I was thinking of does not mean the Mayflower.

Mr. LIGHTFOOT. I was talking about the hotel.

AIRLINE TENDER SYSTEM

Let me ask a couple of questions which the airlines have some interest in, and I will submit the rest of them to you later. One of the things that we are discussing is a so-called tender system. Could you explain what this is and how that proposal is going to work on the airfare situation?

Mr. DANIERO. Currently, as you probably know, we have had for a number of years a program to get discounts for government travelers by doing what we call city pair contracts. What we do is we identify about 4,000 city pairs in the domestic United States and we also have international city pairs, and we allow the airlines to bid on those particular city pairs. We have specifications, we have criteria. You have to have so many flights, the duration can't be more than so many hours, because we don't want to send our employees around the world to get 100 miles and that kind of thing, number of stops, et cetera.

It has been fairly successful in terms of the kinds of discounts we get from the airlines on an unrestricted basis. You don't have to fly on Saturday, you don't have to stay seven days and all this kind of business.

There has been the suggestion through the National Performance Review that perhaps we should look at doing something different like the tender system, where we would allow all the airlines to offer us discounts for different routes, much as we do in the freight business right now, and let them compete almost every day for our business.

And we were going to try a pilot of that. We want to be careful because we know we are saving a lot of money right now, and there is only so much you can squeeze out of these airlines, because they are not as healthy as we would like to see either.

So we were going to pilot something to see if in fact it worked better, was a better service for the employees and the travelers, and gave us the same kinds of discounts. So we are going to try a pilot before we buy off on a major change like that.

Mr. LIGHTFOOT. I think that is a good idea. As far as using the tender system goes and its relationship to the airlines themselves, how is that going to affect them different than now?

Now, of course, they negotiate a contract, there is a price on a route. If they get into the tender system, what kind of an impact will it have on them, and if we say we should go to that tender system and forget the contract? Looking at that time from their administrative aspect.

Mr. DANIERO. It is a hard question to answer. I would think that those who don't have a contract today would love it, because it is a winner-take-all, single-award thing. Those who have traditionally had most of the routes in a given city pair, whether it is American, United, Delta, might not like it.

But I would think that—I am not sure it would cost them any more to administer that because they are changing—they change rates every day, every hour and so forth.

Mr. LIGHTFOOT. Well, just from personal experience, I fly out of Omaha, and there is a sizable Federal presence. Three or four of the carriers have contracts. Some of the others don't. But yet a lot

of times they are running specials, and I am watching my office budget, so I can fly cheaper on some of their specials than I can on the deposit rate, which is exactly what you are trying to get to, if I am understanding this correctly.

Mr. DANIERO. In fact, most of the time what happens is once we award a city pair contract to a particular airline, other airlines who fly that same route do what we call a "me, too." Once we award it to an airline, they will lower their price for Federal employees to match what we have awarded, in an effort to entice some traffic their way when schedules don't meet people's desires, et cetera.

Mr. LIGHTFOOT. Being a devil's advocate, I would argue if Mr. Hoyer, I, and Mr. Wolf have an airline, I have got the government contract, these two guys are going to try to find a price to get those passengers to ride their airline, then you eliminate the government contract, and none of us have a government contract anymore.

Aren't you still going to have that contract there for a leveling force? You have got to have a stick and a carrot of some kind.

Mr. DANIERO. That is the question on how the tender system would work and why we want to pilot the thing to see if in fact——

Mr. LIGHTFOOT. Airlines would make the other argument. They are trying to get people to ride and they are constantly offering these special deals. Anyway, I have got some more questions on that. I would like to have you answer them when you have an opportunity.

OPERATING EXPENSES

One last question. Mr. Chairman, I really appreciate your letting me jump in here quickly.

With the whole idea of merging what I believe is four different segments together, and you can do this for the record, but what kind of effect will this have on the number of employees? Are you going to have less people working? And what do you see the economic impact thereto? You can do that for the record.

Mr. FISCHER. Just briefly, I don't think it will change anything. We will just go from four separate appropriations to one appropriation with four activities. So it will just be, if you will, an account structure consolidation.

Mr. LIGHTFOOT. It would not affect the number of people or the structure?

Mr. EARLY. There is no proposal in the budget that this restructuring would cause a smaller number of employees or change the mission. In fact, with looking at government costs down the road, it would give us really a little more flexibility to be able to meet employees' needs for pay raises and so forth. By having one account, that would give us more flexibility.

Mr. LIGHTFOOT. So it doesn't change the structure at all then? Okay.

Thank you, Mr. Chairman.

Mr. HOYER. Thank you. Mr. Wolf.

CITY PAIR CONTRACTS

Mr. WOLF. Thank you, Mr. Chairman.

What about Amtrak, that route going from here to New York City on the competition with regard to the airlines? We have asked you to look at that in the past.

Mr. DANIERO. I don't know offhand. As a matter of fact, I had a question come up on that today, and my staff has put together a paper for me on Amtrak. I do know they have the Philadelphia traffic, and I think in the past——

Mr. WOLF. Washington-New York.

Mr. DANIERO. I think in the past, the Washington to New York, we were competing it on the basis of total elapsed time for the trip as well as the cost. But I don't know off the top of my head what the situation is between Washington and New York.

Mr. FISCHER. We could get that for the record.

[The information follows:]

Evaluation of Rail Offers for 1994 City-Pair Contracts

GSA solicited for 1994 air/rail service between New York (LGA) and Washington (DCA) as well as New York (DCA) and Baltimore (BWI). The route from DCA was awarded to USAir at a fare of $70, and AMTRAK was awarded the LGA-BWI contract at a fare of $68.

Rail offers for 1994 city-pair contracts were considered for award where the train trip time did not exceed the total air trip time by more than 25 percent. Total air trip times included the ground transportation times at the origin and the destination as well as the median flight time. For price evaluation purposes, ground transportation costs were added to airline prices.

Federal Travel Regulation (FTR) (41 CFR chapter 301-304) Addresses the Use of Train Travel

- The FTR directs agencies to select "the method of transportation which will result in the greatest advantage to the Government, cost and other factors considered."

- The FTR § 301-2.2(d)(1)(ii)(C) specifically states:

> Rail or bus service may be used when determined by the agency to be advantageous to the Government, cost, energy, and other factors considered, and when compatible with the requirements of the official travel. The use of contract or other discount fares offered to the Government by rail or bus carriers between selected cities (city-pairs) is considered advantageous. Whenever these discount fares are offered and the accompanying service will fulfill mission requirements, they should be used to the maximum extent possible. ...

- This means that noncontract rail service can be used in lieu of contract air service "when the agency determines that these modes are advantageous to the Government (cost, energy, and other factors considered) and compatible with the requirements of the travel mission".

- AMTRAK Metroliner service is given favorable consideration (i.e., no cost comparison is required) in that FTR § 301-3.3(b)(5) specifically states that "[t]he use of National Railroad Passenger Corporation (AMTRAK) Metroliner coach accommodations is considered to be advantageous to the Government."

Publication of AMTRAK Schedules

AMTRAK schedules are published in the Federal Travel Directory whether or not AMTRAK is the contract carrier for a city pair. An airline's schedule is published only where the airline has the contract for a city pair.

CITY PAIR AWARDS FOR WASHINGTON TO NEW YORK CITY

JFK - BWI	Trans World Express	$98.00
LGA-BWI	Amtrack	$68.00
JFK - DCA	TWA	$109.00
LGA-DCA	USAir	$70.00

AWARDS FOR THE WASHINGTON–NEW YORK CORRIDOR

Mr. WOLF. Because we had asked one other time, and it just didn't work out. We subsidize taxpayer funding quite a bit with Amtrak, and in the administration budget it has been increased this year. And I think you ought to look at that with regard to the airlines.

Mr. DANIERO. I do know they have a number of routes on the Eastern seaboard.

Mr. WOLF. Just give me a call and let me know, and let the committee know.

[The information follows:]

Awards for the Washington-New York corridor including Baltimore and Philadelphia

EWR–BWI—Continental	$66
EWR–DCA—Continental	137
EWR–IAD—Continental	63
EWR–PHL—Continental	37
JFK–BWI—Trans World Express	98
JFK–DCA—Trans World	109
JFK–IAD—American	70
JFK–PHL—Trans World	75
LGA–BWI—Amtrak	68
LGA–DCA—USAir	70
LGA–IAD—United	79
PHL–BWI—Amtrak	42
PHL–DCA—Amtrak	53
PHL–IAD—United	115

AIRCRAFT MANAGEMENT

Mr. WOLF. The other thing, we asked you last year about the airplanes. Where are you on that? I mean, do we have any better handle?

Mr. DANIERO. Yes. We talked a lot last year about our role and whether we should have that role.

Mr. WOLF. Who has——

Mr. DANIERO. We are still performing that role. We have made a lot of progress, I believe, in carrying out that role. We have hired some new people.

Mr. WOLF. Can you give me a letter and give the committee a letter telling what has been done since last year?

Mr. DANIERO. I sure can.

Mr. WOLF. And what yet has to be done?

Mr. DANIERO. I think I sent you some information last year.

Mr. WOLF. You answered some questions we asked, but it was kind of tentative. If I recall, this was kind of being done, and this is what you were thinking of doing.

Mr. EARLY. That was a program that was studied, looked at through the NPR program, with the consideration, where did it belong, should it be GSA or not. I am not sure what full evaluation it did, but when it was all over with it was left with GSA.

Mr. WOLF. But to be done differently?

Mr. EARLY. No.

Mr. DANIERO. We have——

Mr. WOLF. If I recall, there wasn't really an inventory of what planes we had.

Mr. DANIERO. There was some criticism. We have squared that away with the system. We have a working relationship. We are fairly confident that we are getting good reports from the agencies on the number of airplanes and usage and so forth.

There is another system that we are working on that will be completed in March, which is called the Logistics Handling System, which is intended to integrate and coordinate the usage of airplane passenger miles between agencies who have airplanes. This is something that the Senate was very interested in. It is a modification of a Navy system that they used in Desert Storm to schedule aircraft and flights and so forth. And we have been working a long time on it.

We have piloted two agencies on it recently, and we are ready to come out with it in March, and we are hoping that most agencies will pick up on it and use it to schedule their aircraft. So that is a major step forward.

Mr. WOLF. It would probably be worthwhile for the committee to know what agencies did use it, what agencies did not. If you can give me a letter letting me know as you give it to the committee, I would appreciate it.

[The information follows:]

AIRCRAFT MANAGEMENT DIVISION

Question: What has been accomplished regarding the General Service Administration's (GSA) aviation management responsibilities in the last year?

Answer: The GSA has made significant progress in pursuing its aviation management responsibilities. The aviation management program was elevated to division level, a Director was hired, and two personnel were detailed from internal offices. Additional resources have been provided through the Interagency Committee for Aviation Policy (ICAP).

In the area of management data and systems, the GSA continues to upgrade the Federal Aviation Management Information System (FAMIS) to improve reporting of aircraft inventory, cost, and utilization data. The final FY-92 FAMIS Reports were produced in six months versus the twelve months previously required. The FY-93 reports are expected to be produced in four months. The GSA also developed the Master Transaction Database (MTD) to compare and reconcile the Federal Aviation Administration's (FAA) Aircraft Registry and the FAMIS databases. The MTD tracks aircraft acquisitions, transfers, and disposals assisting GSA, FAA, and the agencies in maintaining an accurate aircraft inventory.

Significant progress was made in the development of the Demand Logistics Management System (DLMS). A Memorandum of Understanding (MOU) was signed between the GSA and the Navy Air Logistics Office to convert the Navy Aircraft Logistics System into a public aircraft format. The DLMS will provide the capability for interagency coordinated scheduling, maximize utilization and cost effectiveness of available aircraft, and capture data required for FAMIS, Senior Federal Official Travel, and other management reports. The DLMS was successfully tested by a multi-agency task force. A DOS based production version will be released in April 1994 and a UNIX based version is scheduled for release in November 1994.

The GSA also promulgated a regulation revising the policies and procedures for the use of Government aircraft and establishing reporting and reimbursement requirements for Senior Federal Officials, dependents and non-Federal travelers. The FY-93 semi-annual Senior Federal Travel Reports have been completed.

In the area of safety, the GSA developed and conducted accident investigation courses through an MOU with the Department of Transportation's Transportation Safety Institute. The GSA coordinated and drafted through the ICAP a Federal Agency

Aviation Safety Program regulation for establishing aviation safety programs. This regulation is now in the GSA approval process. The GSA published several guides including the Federal Agency Aircraft Operations Manual Guide which addresses, among other important elements, minimum pilot and air crew qualifications. Finally, the GSA strengthened the Aviation Resource Management Survey (ARMS) program by updating the ARMS Guide and implementing procedures to protect related safety reports.

In the area of acquisition, use, and disposal, the GSA established an ICAP subcommittee to address specific initiatives including (i) identifying the potential for joint agency acquisitions; (ii) modernizing the Federal aviation fleet; (iii) analyzing cost effectiveness of existing and planned programs; and (iv) developing utilization and disposal standards. The first projects of this subcommittee are development of a Cost Accounting Guide and a Life Cycle Cost Model to support acquisition, use and disposal planning.

Question: What yet has to be done in aviation management?

The ICAP has established a Steering Group to assist and advise the GSA Administrator by (i) recommending long term goals, broad initiatives, priorities, and policy guidance; (ii) developing proposed strategic and tactical plans; and (iii) evaluating proposed policies. The Steering Group meets monthly and conducted a three day strategic planning session to identify Government wide aviation management objectives and foster team building. Future objectives include developing (i) strategies for staffing and funding ICAP projects; (ii) improved internal and external communications; (iii) a standardized, real-time Management Information System incorporating FAMIS, DLMS, and other aviation management modules; (iv) cost accounting methods and a life cycle cost model; and (v) an improved generic ARMS program. Another important issue the Steering Group has recently agreed to constructively review is proposed legislation which would apply FAA airworthiness certification requirements to public aircraft.

Question: Which agencies are using the Demand Logistics Management System (DLMS)?

The DOS based production version of the DLMS will be released in April 1994. The US Forest Service, FAA, Immigration and Naturalization Service, and the Department of the Interior are participating in the DLMS Standardization Task Group and are expected to be the initial users. Test results have been impressive. Once the DLMS production version has been released and further positive results communicated, we expect other agencies to adopt it.

Mr. WOLF. Mr. Early, yesterday, I didn't get to follow up, I was kind of discouraged when you just said that you were looking at those things. And sometimes it makes you feel like the hearings are totally a waste of time and the witnesses come up and things go on just like in the old time, and either the Congress doesn't get it or the career people—I don't know.

I mean, this is so important. And you talk about the unobligated balances, too. You are going to have a little bit left. You have been in the government so many years and you know, both of us know, we all know what is going on.

And I would hope—and I don't know of any other mechanism to require you, I would like you to really get with the spirit of this program. Mr. Johnson seemed like an awful good guy, he comes from the private sector. I think it would be positive. It is good for the Federal employee. It is good for the agency.

I am not sure this other contract you all have signed with the unions are as good as you think. I think you have been forced into doing this, and frankly my sense tells me, it is my visceral reaction that a lot of this is going to come back four or five years from now and really work out wrong.

I hope I am wrong. I think we are going to have a scandal with this and the Hatch Act. In four or five years I think something terrible will be done. I may be wrong. I am getting the same feeling—I have lived in a government building for a long time. You know what I am talking about, the end of the year. I mean, we are asking for your records in August and September, and I would like a list of all the Congressmen's offices you called, Senators, telling them what contracts. Try to get excited and tell your people if they come up with great ideas, we can give them bonuses.

Frankly, I know Mr. Hoyer is a good person, and I think everyone here would say if you haven't used that unobligated, we are not going to take it away from you. If you come up and say, Mr. Chairman, we didn't obligate this because we did this and we saved money, he would let you carry it over. And I just hope you are going to get excited about the program.

Mr. EARLY. We are. I am sorry we were not able to give you a more precise answer yesterday. We have had the authority since October. We have been discussing this within the agency, but we have not developed an implementation plan which would be effective at the start of the next fiscal year. We have not put that structure in place.

We are also excited about it and think it is a good incentive. At the same time, though, if you look at the contracts that we award in the fourth quarter, I feel that not any are going to be for the purpose of spending money frivolously.

We work very hard to operate within the dollars that are available, trying to be as innovative and prudent as possible. But since the dollars are scarce, we have to look at paying salaries and rent costs, and try to see how we are going to make it during the year. Then we look at the small amount of monies that we have left for things like office fixup, office furniture and the tools that make us more productive.

And for modernizations, by design we look at doing it in the fourth quarter. We plan those in the latter part of the year, not because we are trying to spend money but because we don't know how much we are going to have for these things until the latter part of the year.

Mr. WOLF. You may be right. I think the committee would be understanding if you said you reached your limit and you could have gone over, but next year you are going to need a little more, but the following year less. I just don't believe that the spirit has caught on of trying to save money. And at the end—and I am sure your congressional relations office here has experienced this—at the end it comes fast and furious.

I remember seeing new rugs, new drapes, we have got to use this. And it really isn't your fault. And it is not the Congress' fault. Congress says, You don't use it, we are going to take it away.

I think you have fair people, certainly in the Chairman and in the Members of this committee, who could be probably more responsive and more open to make this work than maybe any other subcommittee up here. Mr. Hoyer has been a champion for Federal employees. I don't take a back seat to anybody on those issues. You certainly don't have any enemies up here. And I think we would be tolerant and try to make this thing go, whereas another subcommittee wouldn't. They would see you didn't spend it and they would take it away the next year. If it can't work here, it can't work anywhere. If it works here, then I think there is an opportunity.

I hope you can get excited about it. It will save money. I think it will be bonuses, particularly for your people. There is an opportunity for your people who know a lot—I agree with what the Chairman said, the reservoir of knowledge, the expertise who know their jobs so well, how they can save money. There is no incentive to save it. In fact, there is a disincentive because if you do it, you come up here and you lose it.

Mr. EARLY. I think that would be very helpful to us.

Mr. WOLF. I have no further questions. If you could, because I am going to come back and ask you next year, and if you could follow up, because if it is not going to work here, and I think you have a fair group of people that are going to—if you were to call up and say, we are not going to use this now but we want to do it at Christmastime, I think there wouldn't be any problem.

GAIN-SHARING PROGRAM

Mr. FISCHER. I would like to provide you and the committee a status report on some gain-sharing activities we have going on in San Francisco, in one of our depots. It was faxed up to me when I was chatting with our assistant administrator who runs that function. I said, Are you having trouble with time keeping? He said, Since we started the gain sharing, people are starting to get in that faster, earlier, and staying later, because they are seeing the direct results of their efforts through the gain sharing programs.

Mr. HOYER. Fine

[The information follows:]

PRODUCTIVITY GAINSHARING PROGRAM
WHOLESALE DISTRIBUTION CENTER
STOCKTON, CA

Question: We understand that GSA's Productivity Gainsharing (PGS) Program has proven successful. Could you give us an overview of the program and quantify that success?

Answer: GSA's first, and to date only, PGS program began in June 1990 in one section of our Wholesale Distribution Center (WDC) at Stockton, CA., and was expanded in August 1992 to include the entire WDC. The goals of our PGS program include:

- increasing operating efficiency to stimulate production and enhance quality,

- improving customer service,

- enhancing employee empowerment, and

- generating savings to the government.

Under the program, production and quality standards are set and savings are realized by exceeding those standards. The savings are split 50-50 between GSA and PGS personnel. Payouts are equal for all participants, regardless of salary, seniority, or position. There is an equal emphasis on productivity and quality achievements, and the Union is a partner in program development and implementation.

Since its expansion, the PGS program at Stockton has experienced an overall 9.1 percent increase in productivity over the standard, with an accuracy rate of 99.8 percent. The quality standard has been exceeded every month, with an average increase of 0.8 percent over the standard. This performance has generated $1.2 million in savings, with $600,000 going to the employees (about $2,225 per individual).

Mr. WOLF. I have no further questions, Mr. Chairman.

UNOBLIGATED BALANCES

Mr. HOYER. Let me ask you something just following up on Mr. Wolf's question. One of the problems with implementing the NPR reforms that we included in our bill this year, is that unfortunately agencies are being squeezed so tight with the absorption of locality pay. We have various substantial reductions coming up. We are at a time when there may not be any unobligated resources to show we saved half and redeployed half. This is, from my standpoint, unfortunate, only because there might be people who look at this and say it didn't work.

Do you see any feasibility of having, if you effect savings, any discretionary dollars available? I know you have said there might be, but as opposed to just having to not RIF people, which I am concerned about if we don't do these buyouts soon.

Mr. FISCHER. I think every bit of flexibility we have from that will help us protect that most precious resource, which is our staff. There is a tremendous need for retraining and skill building, and that kind of money has to partly come from the kind of resource that the available unobligated balances gives us.

Mr. EARLY. Those authorities will help us a lot, because it is going to take new technology to carry out our mission efficiently with fewer people. If we don't get the technology in, we will not be able to perform with fewer employees; but where are we going to get the money for it?

These authorities are going to give us that opportunity.

PERFORMANCE MEASURES

Mr. HOYER. It is obviously too early to have oversight on that, but next year we will clearly look forward to looking at that and seeing how it worked.

The report accompanying the 1994 House passed appropriations bill included some direction that agencies conduct a performance management review. Have you conducted a review of the management of GSA and highlighted performance measures?

Mr. FISCHER. Yes, sir, we have. And we attempted to include in the budget a number of the hopefully useful performance measures that show how well we are doing against what would be comparable business measures.

I would hasten to add, though, as we look at them, clearly when you look at where we are going as a result of the NPR and Mr. Johnson's direction, we need to do more of the kind of things we talked about earlier, the benchmark against the private sector, our competition, to show how well we do. This I think covers the waterfront.

We have done a lot in the supply area to be competitive. In the buildings area, we have not done nearly so much. We have a great deal of internal data that measures how well we do internal consumption and utilization per square foot, but how that compares with the private sector and how our costs compare are yet a challenge for us to do.

I think also perhaps embedded in that is that we are very close to having signed a performance agreement between Mr. Johnson

and the President, which was an outgrowth from the National Performance Review. It contains a number of specific performance objectives for us to reach. And my sense is that will torque it up a couple of levels higher in terms of the way we approach it.

I would be remiss if I didn't also mention the kind of performance measures that really we attempted to report on in the FTS 2000 program when we sent the report up last June, that those are just a strong, hard look at what is out there, what is available, and how are we doing. And we are very pleased in that area that OMB has recognized what we are doing, because they have agreed to designate two of our operations as pilots under the Government Performance and Results Act which passed last year.

One of those is the entire real property operation, which would be designated as the pilot and we would get some flexibilities. The other would be to acquire information technology, basically technology that is off the shelf, computers, software and the like.

For those two areas we have had two pilots, and OMB's view was we were planning them and we have the right kind of performance measures to at least begin them. We recognize we have a long way to go, but we have at least a good, solid start.

We would also like very much any kind of dollar back on the measures we attempted to put in the budget this time that could be improved, and be refined so that we could make the submission next year.

FTS 2000

Mr. HOYER. Let's go to FTS 2000. We have heard some comments about that from Mr. Brooks. You obviously know his view. I don't know whether you happened to see Mr. Scott's comments.

Mr. FISCHER. I did.

Mr. HOYER. Obviously the problem raised by something like this, as we are here asking questions, trying to find out what are people's true opinions so that we can make a judgment based upon the best advice we can get, we find Mr. Scott, as soon as he changes employment he changes his perspective. He says, "Well, I have not liked mandatory use from the start, et cetera, et cetera, et cetera, and I don't think in the future things ought to be mandatory."

What observations do you have on that? GSA continues to be of the opinion that this is in the best interests of the government, and it has been an historic contract.

Mr. FISCHER. I want to be very unequivocal, Mr. Chairman, that we have and continue to support mandatory use. The contracts that we are in call for it. We think the way the program has been managed speaks for itself, with Chairman Brooks' comments about its savings. We also have every intention of the contract running its full 10 years, and there is planning that has begun for the next contract because of the cycle and the state of technology that is very wide open.

But we do strongly support the mandatory use, and would ask that it, as requested, be included as it has in the past.

Mr. HOYER. Is there any thought in your discussion with reference to the length of term of the contract, in light of the rapid development of technology? This sort of goes back to our discus-

sions about the computer that takes you two years to purchase and is outdated by the time you get it on your desk.

Mr. FISCHER. I will take a stab at it and ask Bill to follow. But my understanding is we have the ability when new technology comes along to acquire it. And we have mechanisms in place to assure that it is no more costly than commercially available, and in some cases less. And I would see that we would continue that contract for its full term.

Mr. HOYER. Some of the competitors that would like to open up the contracts, you heard this testimony probably last year, state there are in fact nonpublished prices being given to consumers in the private sector, the business community, large consumers that are better than we are getting.

Do you believe that is the case?

Mr. CUNNANE. We are not sure because we haven't been able to get many of them. If you could help us get some of those contracts, we would like to use those in the mechanism we have in the contract. We have something called publicly available pricing. It is an agreement that Sprint and AT&T signed with us that said if we find anything comparable, it will reduce their rates. If we can get any of their contracts in place.

Mr. HOYER. So we will beat any prices in town, just bring us the receipt?

Mr. CUNNANE. As long as it is not a lost leader. They throw something out on the table for a few months or weeks, and we do need to do a fair comparison of service.

We did a cost-effective study that we did send to the Congress last year with an outside contractor to try to dig in to see what they could find. And where they were able to find companies that would either share their cost of the services or suppliers cost, we found we were cost effective. So we used every tool and we do it every three months today with both of our contractors.

That is tied to mandatory use. With mandatory use, we have what we call publicly available pricing. So we are continuously pushing it down.

If I could touch on the technology, we think our contract is unique because we have the ability to add services available in this market. It has to be within the scope of the contract. It has been tested, the contract, in the GSA Board of Contract Appeals and into the Federal Court where some of the losers wanted to challenge the contract. We have won every single one of the protests.

We believe we are able to meet agency mission requirements by modifying the contract. We plan to do that for the last stages of the contract. It has been very successful in modifications.

Mr. HOYER. What do you believe the impact on the program of the FTS 2000 would be if this provision was eliminated? We will make it clear, we are not contemplating that but I would like to know the consequence.

Mr. CUNNANE. I would like to comment a little bit for you. The part I mentioned, the publicly available pricing, the mechanism could go away. Also, the contractors would have less incentive to push their prices down as we ask them do every three months.

We study the marketplace. When you remove mandatory use, you give the ability to agencies to migrate to other services. Num-

ber one, they should compete the service so you have additional procurements, multiple procurements around the country. It costs a lot of money to enter into that.

We have been able to bring technology current, so we believe we are meeting their needs. There is another factor in mandatory use. The vendors have been able to look and see how much business they are projecting over a period of time.

And as Congressman Brooks mentioned, he said there were two competitions. There is a price determination he was talking about in year four and year seven. Both contractors get to go after each other's business, 40 percent of that business. This is a mini-procurement within the present contract. In order to do that, we have to project what amount of business they will have over the next six years or over the last three years.

If you take the mandatory away, you can't tell them how much business we have at all. So it is kind of difficult to do an evaluation. You don't know how much business is going to be left. Then agencies may take their business elsewhere—you can always find something a little less expensive in some cases. As you remove some traffic, this is a volume sensitive contract. The user may move off of a Los Angeles switch, but more important is the small location where there is just a group of agencies sharing those resources.

As you take one agency away, they may get a good deal on what they buy, but the ones who are left behind, their prices may go up because the volume is impacted. We need to aggregate traffic at locations. We need to share the facilities. We believe that is what this contract has done.

Fifty percent of the value of this contract goes to the local exchange carriers, the C&Ps of the world. Those are access circuits that go in there, and as you bring in more contractors, you are going to bring in more single-access groups. That is not cost effective at all.

And the reason we are able to make on-net calls around this country for five cents a minute is because we have aggregated the traffic. If you remove mandatory use, I believe prices can't go any higher, because we have a fixed contract, but they won't go any lower.

Mr. HOYER. Let me ask a question I asked last year and in which I am interested. MCI's position is they weren't a principal negotiator, as I recall. But the representation of some who testified last year was that all of the competitors represented that mandatory use was essential. In order to have a viable bid process, they would need to know the aggregate services and know the volume of services for their bid to be as low as possible.

Have you found in your records the information I was looking for last year? Did we ever get anything on paper, in letters or in memoranda or some other evidence of that representation that in fact mandatory use was necessary to justify the volume?

Mr. CUNNANE. I believe we have it. I believe actually Mr. Brooks' office probably found it, because in his presentation last year, in his testimony, in addition to GSA's, I believe he stated and I believe it has been verified to us that actually MCI was the company that suggested the mandatory use, and that was the documentation

we were looking for. But we certainly will get it for the record and pass what we can to you.

[The information follows:]

HISTORY OF MANDATORY USE

Attached are two pages from a report produced by the Committee on Government Operations (House Report 102–1058) addressing the origins of mandatory use for FTS2000. Also attached is a copy of The Honorable Jack Brooks' letter to The Honorable Steny Hoyer, dated May 24, 1993, concerning the history of mandatory use and the FTS2000 procurement.

[The information follows:]

Union Calendar No. 591

102d Congress, 2d Session - - - - - - - - - - - House Report 102-1058

FTS 2000: MANAGEMENT REFORMS AND INTENSIVE CONGRESSIONAL OVERSIGHT ENSURE SAVINGS OF $500 MILLION FOR THE TAXPAYERS

THIRTY-SECOND REPORT

BY THE

COMMITTEE ON GOVERNMENT OPERATIONS

together with

ADDITIONAL VIEWS

OCTOBER 29, 1992.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

59-940 ☆ WASHINGTON : 1992

conditions that prevailed in early 1991. An especially important change made by Associate Administrator Scott has been the revival and revitalization of the Interagency Management Council. This council of agency representatives was established at the direction of the Congress in the conference report on the fiscal year 1988 continuing resolution, Public Law No. 100–498.[161]

VIII. Mandatory Use

A. Origins

It consistently has been the position of the Congress, and of the General Services Administration, that FTS 2000 should be a governmentwide system and that full participation in FTS 2000 by all Federal agencies is essential to its success. Accordingly, the FTS 2000 contracts provide that use of FTS 2000 will be "mandatory for all Federal agencies" and this contractual provision has been backed up by regulation, by congressional oversight, and by annual appropriation act riders providing for "mandatory use" of the contracts by Federal agencies, with certain limited exceptions.

In order to understand "mandatory use," it is necessary to review some of the history of FTS 2000. The FTS 2000 contracts were awarded in 1988 after an intense competition.[162] In the midst of this competition, Martin-Marietta/MCI, one of the competing contractor teams, complained that the costs of preparing a bid and the risks inherent in the FTS 2000 contracts (in which prices paid by the Government could only go down, not up) were too high, without some assurance of an adequate return.[163] The Government Operations Committee and the Appropriations Committee agreed that the widest possible use of the program was essential to its success.

With the support of the Government Operations Committee, the following language was included in the conference report on the fiscal year 1988 continuing resolution, Public Law No. 100–498:

> The Conferees believe that full participation in the FTS 2000 project by all Federal agencies is fundamental to the success of this procurement.
>
> No later than July 1988, the GSA shall publish in the Federal Register regulations governing the use of the FTS 2000 network. Such regulations shall provide that (1) use of the network is mandatory for all Federal agency activities subject to P.L. 89–306, (2) exceptions shall be granted by GSA for agencies' unique or special purpose network requirements, and (3) agencies may appeal a GSA denial for an exemption to OMB.[164]

GSA did, in fact, publish regulations implementing the conferees's direction.[165]

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[161] H. Rept. No. 498, 100th Cong., 1st. Sess. 1166 (Dec. 22, 1987).
[162] See part III, "History of FTS 2000."
[163] See part VIII(B), "MCI."
[164] H. Rept. No. 498, 100th Cong., 1st. Sess. 1166 (Dec. 22, 1987).
[165] FIRMA Interim Rule 1, Mandatory Federal Telecommunications System (FTS) Network, July 29, 1988, 53 Federal Register 28633 (exhibit 37).

to the RFP. The FTS 2000 request for proposals, in section C.1.1, introduction, stated:

> This contract is for telecommunications services for the FTS 2000 program. The FTS 2000 program will replace the existing intercity switched voice Federal telecommunications system (FTS) and provide additional and enhanced telecommunications capabilities to the Federal Government. The FTS 2000 program will be mandatory for all Federal agency activities subject to P.L. 89-306, as implemented by the Federal Information Resources Management Regulation (FIRMA).[186]

B. MANDATORY USE STATUTES

Each year since the award of the FTS 2000 contracts, Congress has included in the Treasury, Postal Service, General Government Appropriation Act a provision governing "mandatory use." [187] Congress originally enacted this statute to reduce the risks inherent in the FTS 2000 program, to ensure the economy and efficiency of the new network, and to eliminate unnecessary duplication of capabilities and possible incompatibility among Government telecommunications systems. These provisions have required Federal agencies, in procuring long distance telecommunication services subject to the Brooks ADP Act, to procure those services under FTS 2000. The sole exception is when the agency can demonstrate a "unique" requirement that cannot be satisfied under FTS 2000 and procurement outside of FTS 2000 "would not adversely affect the cost-effectiveness of the FTS 2000 procurement." These statutes reflect Congress' commitment to the vendors competing on FTS 2000 that Federal agencies would make full use of the contracts through the life of the program. The "best and final offers" of the vendors were formed on the basis of this commitment.

The Government Operations Committee, over the past several years, has worked closely with the Appropriation Committee to ensure that the "mandatory use" provision remains law.[188]

C. ATTACKS ON MANDATORY USE

"Mandatory Use" of FTS 2000 has been under attack almost since its inception. The Department of Defense began resisting the concept well before award of the FTS 2000 contracts.[189] Almost immediately following contract award, DOD was joined in the attack by the losing or noncompeting vendors. This lobbying, in the press, in the halls of Congress, and in the executive branch, has been impressive.

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[186] FTS 2000 request for proposals.

[187] See, e.g. Public Law No. 100-440, 102 Stat. 1721, Sept. 22, 1988, § 637; Public Law No 101-136, 103 Stat. 782, Nov. 3, 1989, § 621.

[188] See, e.g., letter to Chairman Edward R. Roybal, Subcommittee on Treasury-Post Office-General Government, from Chairman Jack Brooks, dated June 1, 1988; letter to Edward R. Roybal, from John Conyers, Jr., and Frank Horton dated Mar. 23, 1989; letter to Edward R. Roybal from John Conyers, Jr., Frank Horton, and Jack Brooks dated Sept. 25, 1991; letter to Edward R. Roybal from John Conyers, Jr., Frank Horton, and Jack Brooks dated June 8, 1992 (exhibit 20). See also colloquy among Chairman Conyers, Mr. Horton, and Mr. Roybal, July 1, 1992, Congressional Record at H5712 (daily ed.).

[189] Bermingham at 31.

The Government Operations Committee, however, has consistently maintained that allowing the existing mandatory use provision to lapse could seriously damage the FTS 2000 program and endanger the overall, government-wide savings that FTS 2000 can produce for the taxpayers.

The most typical avenue of attack on "mandatory use" has been the citation of a proposed price for a particular service by a particular vendor between particular locations that is less than offered on FTS 2000. It is true that in some specific cases, a particular agency may be able to procure a particular telecommunications service at a price lower than that offered on FTS 2000. Such "lower prices," however, do not take into account the overall, government-wide savings under FTS 2000 and may disregard FTS 2000 advantages in procurement costs and administrative and billing costs.[170] The Government Operations Committee firmly believes that failure to vigorously implement mandatory use would cost the taxpayers money in the long run.

D. MCI

Ironically, a vendor which had been a proponent of the "mandatory use" provision during the FTS 2000 procurement—MCI—has become its chief opponent in the years since its enactment.[171] The Government Operations Committee can only wish that MCI and its compatriot companies had been as diligent in competing for the FTS 2000 contracts as they have been in attempting to undermine the contracts now that they have been awarded. (Perhaps it would be appropriate now for MCI to release to the public their original bid on FTS 2000 and to compare their prices to the prices offered by the winning bidders, in order to gauge the true extent of their commitment to lower prices for Government agencies.)

E. DEPARTMENT OF DEFENSE

Notwithstanding Pentagon delusions to the contrary, the Department of Defense is subject to the Brooks ADP Act and is a "mandatory user" of FTS 2000. Chairman Conyers and former Chairman Brooks addressed this issue during the April 1991 hearing:

> Mr. CONYERS. Finally, Chairman Brooks, I don't know how you felt about the DOD waivers to FTS 2000, but it seems to me that we're letting one of our biggest departments, obviously, out from the whole idea of the sale—
>
> Mr. BROOKS. They're just not closing the net. They're letting those big fish out. I think that——
>
> Mr. CONYERS. Did you anticipate that would happen, or had you envisioned DOD being in this with everybody else?
>
> Mr. BROOKS. No. I envisioned that DOD would be in it, and that they would try and squirrel their way out of it, as they always do, out of any regulation or control. If you put out a regulation that people are supposed to wash their face in the morning, DOD would say 'it's impractical for us

[170] See part VIII.D, "FTS 2000 Pricing."
[171] See part III, "The Campaign Against FTS 2000."

JACK BROOKS
9TH DISTRICT, TEXAS

JUDICIARY
SELECT COMMITTEE ON NARCOTICS

Congress of the United States
House of Representatives

Washington, DC 20515
May 24, 1993

The Honorable Steny Hoyer
Chairman
Subcommittee on Treasury, Postal Service,
General Government
H-164, The Capitol
Washington, D.C. 20510

Dear Mr. Chairman:

I appreciated the opportunity to testify before your Subcommittee on April 22 with regard to the Federal Government's FTS2000 program. The purpose of this letter is to address two matters that apparently arose after I testified.

First is the issue of how "mandatory use" originated. The problem of ensuring adequate agency participation in the eventual FTS2000 program was first highlighted by GAO in a series of reports to me, as Chairman of the Government Operations Committee, and to Senate Governmental Affairs Chairman John Glenn in the May to August time period in 1987. At the same time, GAO, and my own investigation, showed significant shortcomings in the management construct of FTS2000 as GAO originally planned it.

The work of the Government Operations Committee in the summer of 1987 brought about major changes in the plans for FTS2000. The procurement was significantly redrawn by GSA over a period of months, until one principal issue remained unresolved: whether the program would be winner-take-all or dual-sourced.

Of the 300 vendors that requested copies of GSA's draft RFP for FTS2000, three bidding teams emerged: Martin Marietta and MCI; GTE and Sprint; and AT&T and Boeing. Ironically, in light of MCI's current objections to FTS2000 on the grounds of the program being an alleged "monopoly", in the summer of 1987, when I struggled to get FTS2000 changed to a multi-vendor program, the one bidding team that opposed the change was Martin Marietta-MCI. Indeed, the Martin Marietta-MCI team threatened to withdraw from the procurement unless the program was awarded on a winner-take-all basis -- threatening the vitality and stability of the procurement itself.

Late in the summer of 1987, GSA Administrator Terry Golden reached a policy agreement with me and my Ranking Republican Member, Frank Horton, and a new, multi-vendor design for FTS2000 was born. The program would be dual-sourced; the two awards - one for 60 percent of the revenues and one for 40 percent - would also now include regular price and service recompetition between the winning contractors throughout the life of the program.

Nevertheless, the one bidding team that had so strongly opposed multiple contracts, Martin Marietta-MCI, was still concerned about the viability of the FTS2000 procurement. They continued to suggest that they would not be able to bid on the contract. Even with the ten-year nature of the contracts, which they supported, they felt that the 60/40 split seriously reduced the business opportunity. Accordingly, the Martin Marietta-MCI team approached the Government Operations Committee with a proposal which, if adopted, would secure their commitment to remain in the competition. They requested that the procurement be made mandatory for use by all agencies subject to the Brooks Act, as the means of ensuring a sufficient size of business opportunity to make the substantial investment required worthwhile and the risks justifiable.

The Martin Marietta-MCI bidding team believed that tying the new policy directly to agency funding was the most effective means of implementing such a significant change. I agreed and wrote to former Chairman Roybal asking for his assistance. He concurred, and mandatory use language was included in the report accompanying the FY88 appropriations bill. The language was upgraded to be in the bill itself for FY89, as the result of a further agreement between the two committees. Both of these events took place during the procurement competition, before contract award, and with the complete support of all parties, including GSA, OMB, the President, and all three bidding teams.

The second issue I wish to address is the GAO testimony regarding the Brooks Act relative to FTS2000. As you probably know, it was the GAO's reports in 1987 that laid the groundwork for institution of mandatory use, by pointing out a potentially serious problem in ensuring adequate agency usage of the program. In light of that background, I find it disingenuous for GAO to suggest at this time that the provisions of the Brooks Act are sufficient to sustain the policy of mandatory use. It should be noted that the Brooks Act was in effect during the lifespan of the old FTS system from the mid 1960s through 1989. Despite the existence of that authority, the system developed in such a way that in the end its technology was antiquated and its prices were exorbitant. Agencies bailed out of the system and plans were on the drawing boards for more than 200 separate Federal networks. FTS2000 came into existence expressly to correct this situation, and it is mandatory use and the unique structure of the program that will make such a correction viable.

As you know, a year ago your Subcommittee asked GAO whether mandatory use should continue. GAO wrote at that time that mandatory use should be continued because it was plainly necessary for the success of the Price Redetermination/Service Reallocation (PR/SR) competition which GSA was conducting. We know that the PR/SR was a great success, but GAO now maintains that the mandatory use law may no longer be needed. This position is extremely shortsighted.

Further, since this program is not over yet, we have another PR/SR in just two and one-half years; the new PR/SR needs a stable environment if it is to also succeed. As such, I respectfully disagree with GAO's most recent testimony on this issue.

In summary, I would urge you, as I did on April 22, to make the mandatory use provision permanent. The track record of the program merits such action; in addition, permanent language will relieve the Subcommittee of the annual process of reconsidering such a step, thereby stabilizing the remaining five and one-half years of this program.

Sincerely,

Mr. HOYER. I will tell you that MCI is a very credible company. I have no axe to grind with MCI, and I told MCI very frankly, that if I get some evidence of this representation if shoots some holes in their argument. They claim in any event that if such representation was made, it was made on their behalf, not by them initially, but the major contractor.

Mr. CUNNANE. They were subcontractors to Martin Marietta.

Mr. HOYER. I said, whether it was Martin Marietta or yourselves, you would be hoisted on that petard if in fact that representation was made. I think they understand that.

I don't know whether there is anybody from MCI here. But that clearly would be good for us to have on the record, and in the Committee files, not because I think it is absolutely dispositive of the issue. From a legal standpoint, we can make modifications and we could save a lot of money for the taxpayer.

Talking about that, I would also like for the record how you compute the $3 billion in savings that have occurred. That would be good for us to have. I presume you already have that.

Mr. CUNNANE. We have it.

Mr. HOYER. I presume Chairman Brooks got it from you.

Mr. CUNNANE. Yes, his staff did.

[The information follows:]

$3 BILLION IN SAVINGS FROM FTS2000

During fiscal year 1993, the Office of FTS2000 projected that the two ten-year FTS2000 contracts would save the Government $3 billion over the old FTS. The projection was based on actual cost savings achieved during fiscal years 1990 to 1992 and savings for the remaining years of the contracts were extrapolated using the most recent information available. The projection represents only cost savings on switched voice service since the old FTS was a voice network and did not supply the data and video services available on the FTS2000 contracts.

Annual cost savings are derived by comparing the cost of the same volume of switched voice service on FTS2000 to the cost on the old FTS network. The savings for fiscal years 1990 through 1992 are based on actual FTS2000 switched voice service minute usage and the average of AT&T and Sprint's actual per minute cost. The average cost per minute on the old FTS was derived using data from the last full year of operation (fiscal year 1989). The costs per minute for FTS2000 and FTS do not include costs for GSA management support costs or to build the reserve to finance future one-time costs, i.e., transition-related costs.

The FTS2000 contracts were awarded to AT&T and Sprint on December 7, 1988. From October 1989 to June 1990, more than 1.3 million customers from the old FTS network were transitioned to FTS2000. As a result, the savings for fiscal year 1990 do not reflect a full year of usage. AT&T and Sprint supplied 1.1 billion minutes of usage through the FTS2000 contracts and the Government realized a cost savings of $125 million over the old FTS network.

Fiscal year 1991 represents the first full year of operation of the FTS2000 network. The two FTS2000 contractors provided 2.1 billion minutes of switched voice usage at a savings of $198 million when compared to FTS costs.

FTS2000 switched voice usage grew to 3.2 billion minutes during fiscal year 1992 - an increase of more than 50 percent from fiscal year 1991. As a result of this growth and negotiated price reductions, during fiscal year a savings of $480 million to the Government was achieved.

Assuming FTS2000 switched voice usage and prices would remain at fiscal year 1992 levels through the end of the contracts (December 1998), a savings to the Government of $480 million annually would be realized. Total savings for the remainder of the FTS2000 contracts (October 1992 to December 1998) were, therefore, estimated to be $2.5 billion. Actual costs savings from fiscal years 1990 to 1992 and projected cost savings over the remaining life of the FTS2000 contracts totals approximately $3.3 billion over the old FTS network.

Mr. HOYER. You heard Chairman Brooks refer to procurement reform. You feel you have acomplished this already?

Mr. CUNNANE. Partially.

Mr. HOYER. I continue to be concerned and would be very interested in your observations with reference to Chairman Brooks' premise, that the GSA procurement processes are fine and whatever delays occur are caused in the agencies. That obviously is his perspective. I don't know that to be or not be the case. But I believe there are significant delays which resultant from a technological sense, in substantial costs. These costs are not necessarily in terms of dollars. If you buy a product at the same price that is out of date, you have lost money. That is what I am concerned about.

Mr. Fischer, perhaps can you address that and then Mr. Thompson may want to add to that. I would be interested in your observations with reference Chairman Brooks' statement on this issue.

Mr. FISCHER. Mr. Chairman, I have only been at GSA a year and a half, and having been a customer of this process, I could offer this insight, that I think Chairman Brooks is right. My experience was that the majority of the time line was consumed within the agency; that when the agency went to GSA for a review and delegation, that that turned around in a very reasonable period.

Now——

Mr. HOYER. What is a reasonable period?

Mr. FISCHER. Less than a month for something very big, and in the case of a smaller thing——

Mr. HOYER. What turns around in a month?

Mr. FISCHER. We would submit a request to GSA for approval to procure if the procurement we were contemplating was larger than a certain threshold. I was at Health and Human Services, so when Social Security would come in and say, We need to procure $2,000 worth of computers, that would be above the threshold. Those things were turned around very quickly. In fact, one of our performance measures internal to us is how quickly we move those things through.

Mr. HOYER. That is desk time, let me refer to it as, shelf length from one agency to another. The law itself, of course, requires a lot of time lines and a lot of stretching. In other words, it may not be that anybody is doing anything wrong. We tend to jump to conclusions that if something is wrong, somebody is doing something wrong. In fact, the procedures that we have in place that everybody is following may lead to that delay.

We are caught in government between the public's desire and our own desire to preclude waste, fraud and abuse, and the desire to take risks as an entrepreneur would——if you move fast, you are going to make profits, but also may sometimes lose.

To what extent are the process requirements causing this delay? Do you agree with my premise that in fact delays are costing us in a major in a technological sense?

Mr. FISCHER. I certainly would, and I would refer to Joe, who has seen a lot more of it, in a second. I would also agree there are a number of process steps that are inherent in the law and our regulation of them. And it was interesting, our experience, during the

beginning of the National Performance Review, where we said, Let's, in laboratory settings, attempt to waive as many of the rules we have imposed on top of the statute as we can, and as we went in and as agencies went in, we didn't find much, quite frankly, that was beyond the basic statute.

Mr. HOYER. Did you find therefore that the statute itself was at fault for the delays or the reason for the delays? Forget about fault, the reason for the delays.

Mr. FISCHER. I never want to fault the statute, but I would say that it did contain——

Mr. HOYER. You are one of about 1 percent of America.

Mr. FISCHER. But there are those steps, and as you say, they are there to assure not only the absence of waste, fraud and abuse, but fair competition and ability and time line for people to ultimately bid.

My observation is that one of the things we are trying to do in some of the pilot efforts we have that Joe can elaborate on, is wherever we can within the configuration and constraints of the law, make it easier for agencies to acquire that rapidly changing technology as quickly as possible. We think some of the experiments, for example, with the multiple awards schedules and requiring desktop technology, if you will, will help move us that way.

Joe, I will turn to you to elaborate on that.

Mr. THOMPSON. Mr. Chairman, this is my first committee hearing——

Mr. HOYER. We are honored.

Mr. THOMPSON. Having looked at some tapes of your hearings before, and in preparation of this, I am honored, and I am a little nervous.

Mr. HOYER. I am nervous that you are watching tapes of our performance. You think you are nervous? I will have to clean up my act. He puts all that on the record. I joke far too much.

PROCUREMENT SAVINGS

Mr. THOMPSON. Let me start where I think you started, sir. And in reference—where Chairman Brooks also started. Since 1965 we have saved more than $26.4 billion in procurement of information technology at GSA. This year we saved——

Mr. HOYER. Since when?

Mr. THOMPSON. 1965.

Mr. HOYER. Since the Brooks Act.

Mr. THOMPSON. $26 billion dollars. In 1995, we will save an estimated $913 million under the multiple awards schedules program, which is the single largest component of cost savings.

Mr. HOYER. How do you compute that? From what base do you start, that you paid X for it, but for whatever you had done you would have paid Y, which is $913 million more? Explain that. How does that work?

Mr. THOMPSON. There are several different categories depending on the type of procurement and what is being procured. In general, we try and compare a benchmark against equal types of procurements by the State governments, by local governments, by businesses of different sizes, by other organizations, by the commercial

marketplace. We compare prices being offered. And so we benchmark it.

There are a number of different products and services that is in that full range of the $26 billion. We do have a written explanation of all of those, which we would be pleased to send to you as part of the record.

Mr. HOYER. I don't know how voluminous it is, but let's not deal with the $26 billion. Let's deal with last year's $913 million.

Are you saying that procurements by other entities of significant size cost $913 million more for similar products than ours cost?

Mr. THOMPSON. That is correct. If other agencies of significant size had made the same purchases in volume, they would have paid $913 million more for these products.

Mr. HOYER. That represents how many billions of dollars of purchases?

Mr. THOMPSON. That represents $1.7 billion in purchases.

Mr. HOYER. $1.7 billion dollars in purchases. So you are saving approximately 35 percent. That is very significant.

Mr. THOMPSON. I will give you an example of the Multiple Awards Schedules Program, which is basically a program to buy computers and systems as a group. We have an operating budget which is $5 million. We sold in 1993, $1.7 billion of those. That is three tenths of a percent operating cost in order to provide that. The basic premise is that we have as good prices on the whole as anyone comparable offering those kinds of purchases.

At the same time, we didn't get the very best price in comparison to some of the competitors. The General Accounting Office, for example, came in and looked at our program and said, Well, Texas bought some of these same kinds of computers, same types, same manufacturers, same basic configurations and got them at a lower price. They looked at a couple of other comparisons and said, This price wasn't that good.

On that premise, we agreed not only with the fact that we have done an excellent job in price comparison, but that we can do better. We can do better. And the fact of the matter is that the marketplace for the procuring of these kinds of commodities is changing, and we need to look at means and methods of being able to respond to that.

You mentioned—we are paying too much, not for all of it, but for some it, and that is documented. We can prove to ourselves that we are paying too much, and it takes us too long to procure it. The average procurement, for example, for the process itself, can take about 13 months in terms of procurement time. That is too long.

Mr. HOYER. What is the life of a computer now, the technological life?

Mr. THOMPSON. In most of our offices it would probably be about three years. A new product will come out in six months, which you do not necessarily need to upgrade. So you should be able to use it for that long. And if it is properly used, you should be able to use it as long as 10 years. It can go to educational institutions.

Part of that savings we talked about since 1965, $3 billion of that was in transferring computer equipment from an office that had reached the limit of its capacity in terms of utilization; to another office that could get full utilization out of it.

So those kinds of savings—and they didn't need to buy them—are the kind of savings that sometimes offset the costs of new equipment. So it is not always a comparison with a new buy in terms of savings.

Mr. HOYER. So the $913 million is a net figure of cost avoidance, taking into consideration the over-price that we paid in some instances?

Mr. THOMPSON. Yes.

Mr. HOYER. If we had gotten the lowest and best price available like that available to Texas or to whoever, California, what would we have saved? I guess what I am saying is, how much did this offset the $913 million? How much did we overpay? Do you have that?

Mr. THOMPSON. How much did we overpay——

Mr. HOYER. Do you see what I am saying? You said GAO claims Texas got a better price for some things. If we had gotten Texas' price, we would have saved X dollars. Presumably if we had maximized in every instance we would have saved more than $913 million, because in some instances we pay too much, that would offset the savings. I am trying to find out, how much did we overpay, in effect?

Mr. THOMPSON. It is contained in the GAO report.

Mr. HOYER. If you don't have it, maybe you can provide it for the record.

Mr. THOMPSON. The figure is probably on the order of 5 to 16 percent, as I recall.

[The information follows:]

GAO REPORT

The GAO found that Multiple Award Schedules (MAS) prices, for six of eight top selling software products surveyed, were from 5 to 16 percent higher than the prices paid by some state governments (GAO Report B–253013 dated August 1993). Armed with this information, GSA has negotiated MAS prices for these same software products under the current contracts that are better overall than what the states, including Texas, are paying. Further, GAO has looked at MAS pricing for other information technology products and has found that MAS pricing is better than other available pricing. For example, in their report of January 1994 (B–252568), GAO found that MAS pricing for microcomputers and facsimile machines were more than six percent better than the best prices an agency was able to obtain for their purchases of these products.

Mr. THOMPSON. But that would not have applied——

Mr. HOYER. 5 to 16 percent of the $1.7 billion or—of the price itself?

Mr. THOMPSON. Of the price itself for that particular computer.

Mr. HOYER. That really doesn't tell me much. It tells me that Texas made a 15 percent better deal on that particular unit or bulk of units.

Mr. THOMPSON. You can't apply that figure uniformly to the $913 million. The $913 million is a combination of about seven or eight different savings and cost comparison methods.

Mr. HOYER. But you see what I am saying? If you made $913 million in savings but at some point in time you pay too much for products or pay more than somebody else did, the $913 million is a net figure. I am just trying to find out what that was. Because that will tell us how much additional savings we have an opportunity to make.

Mr. THOMPSON. That was a saving based on what the others would have paid that was excess to the good prices that we received.

Mr. HOYER. Say that again. I am trying to compute it.

Mr. THOMPSON. Let me give one example. The example that I give you was one example in which Texas received a better price.

Mr. HOYER. Right.

Mr. THOMPSON. That was the exception.

Mr. HOYER. I understand that.

Mr. THOMPSON. The rule was that we in fact bought cheaper than all of those other sources.

Mr. HOYER. Mr. Thompson, I understand that. If you hadn't done that, you wouldn't have this $913 million in savings. You got the savings by saying, we bought $1.7 billion worth of products. It is a net figure. If we had purchased them at regular prices, we would have paid $2.6 billion. Because you had $913 million in savings, you would have paid $2.6 billion but you paid $1.7 billion, so you got a savings. But you are saying there are the exceptions, so there is going to be a small number for which you paid too much, too much in the sense of more than somebody else got in a deal.

I am trying to find out what that figure is because that would be a figure we ought to focus on and maybe project what additional savings you might achieve. Obviously, $913 million savings, 35 percent is a significant chunk of change. I want to see if we can go further.

You don't have that right now, we didn't expect you to, but if you provide that for the record, I would appreciate it.

Mr. FISCHER. We certainly will.

[The information follows:]

ADDITIONAL PROCUREMENT SAVINGS

Our objective for the MAS Program is to strive for the best possible price during our up front analysis and negotiations with vendors. We estimate cost savings based on the discounts we get through negotiations compared to what other entities pay. The savings also include estimated administrative savings resulting from reduced time required by the agencies in procuring items under the MAS Program.

Using the GAO example of the WordPerfect 5.1 software package, Federal agencies bought nearly 17,000 copies of WordPerfect 5.1 through the MAS program in 1992, at a total cost of about $4.3 million. The MAS price for this item reflected a discount of approximately 9 percent better than the typically available commercial price for a savings of $460,000. If GSA had been able to offer the Texas price, agencies would have saved an additional 15 percent or $650,000, for a total potential savings of $1.1 million. The GAO noted that their methodology did not allow them to compute total savings across all purchases. IRMS does not collect information on actual units sold of a particular product; this information would be needed to compute the dollar savings not realized.

Through our negotiations, the MAS Program achieved overall savings of about 35 percent on a volume of $1.7 billion. There will be occasions as evidenced in the GAO report where at a particular time, our price may not be the lowest and some additional modest gains may be achievable, but the premise of the program is to minimize these instances and to get the best deal for the government.

COMPETITIVE PRICING

Mr. HOYER. Let me go through some information, if you have it, in terms of average time of acquisition required by the procurement process. Again, if you have some observations with respect to the rules and process requirements, which apparently were neg-

ligible in their impact, please speak up. The law was the substantial culprit. Much of that may be necessary and proper.

Did you make any independent analysis as you communicated with NPR or anybody else, or for your own use, as to changes that could occur that would facilitate earlier purchase without giving up any of the benefits of fair pricing and competition?

Mr. THOMPSON. That was the purpose of our model. We tried to—and one of those models was to buy software. The way we were buying software traditionally has been to buy it in the shrink wrap, where you would get the product and each customer would buy one. The commercial marketplace has changed. And today you can buy that product by buying a right-to-copy license, so that you buy one and replicate as many as you like. We didn't have that mechanism in the past.

So we did a pilot. We said we wanted to buy on that basis. We were able to effect that. We got 30 percent reductions in prices on that product. First time in the government. We were getting good prices before, but we weren't getting comparison prices. We did that in three weeks.

The price, for example, from Microsoft—we were doing about $10 million annually with them—dropped overall on its different kinds of software, about 30 to 40 percent, so that we are saving, net savings in that particular operation, some $3 million.

So we know that that kind of a system did work in that one pilot. Can we replicate it? If we can do that a few times, we can leverage that across government and save a great deal of money.

Then on the hardware side, we have also proposed a pilot which OMB allowed us to proceed with. That pilot is to look at using electronic commerce and using spot bidding in order to be able to get prices on a real-time kind of basis. And that pilot is in process now. It is not finished. But since the resellers and the marketers of computers today change their prices sometimes every day, it is our aim to get a procurement process or a model or a type that would allow you to take advantage of rapidly dropping prices.

And so in this model, what we have asked for is that you can change the price any time you like, you can do it in real time; it goes up on a large screen and you can scale up more than 140,000 products and look at the prices of all of them, so it makes it easier for the customers. And those of us in the Federal sector can use it and find the best price rather than looking through catalogs, which we have in years past, just like the Sears and Roebuck catalogue, to try and find a product.

That pilot is allowing us to see if we can't get prices in terms of today's real market, real-time prices, because the one thing we are convinced of is although we save a lot of money under the longer-term contract, which takes us some 16 months to put in place, this kind of a procedure, which we could put in place in about four months, will allow us to get pricing updates all the time.

But we don't know exactly whether we can get great prices or not. We have gotten some reaction from the industry, one of which is printed in today's paper, which I brought with me, sir.

[The information follows:]

GSA SCHEDULES

PC sales on GSA schedule rise in 1993; another MAS battle looms

BY JOHN MOORE

Sales on the General Services Administration's PC product schedule grew 5 percent in fiscal 1993, a year in which orders were expected to dip due to the award of the Defense Department's Desktop IV contract.

GSA Group 70 B/C sales reached a record $703.7 million in 1993, up from $671 million in 1992. In another milestone, the PC schedule reached near parity with Schedule A mainframe and minicomputer sales. Schedule B/C sales fell $1 million short of Schedule A; the gap in 1992 was almost $300 million.

Industry executives were upbeat about the newly released PC numbers. "This is a positive, encouraging surprise," said Bob Dornan, senior vice president of Federal Sources Inc. "I expected [that] Desktop IV would siphon off demand."

"It's a very healthy sign, especially when you put that against GSA making a lot of changes in the 1992 and '93 solicitation," added Harry B. Heisler, vice president of marketing at Government Technology Services Inc.

Best of Both Worlds

GTSI, a Desktop IV prime, topped the list of the top 20 PC schedule suppliers for the fifth consecutive year. The company had sales of $115.1 million. Dell Computer Corp., which has vowed to surpass GTSI, closed the gap as the second-ranked schedule holder. Dell's schedule sales climbed to $72.4 million, from $42.3 million in 1992.

Compaq Computer Corp., Falcon Microsystems Inc. and Zenith Data Systems rounded out the top five GSA vendors.

Making the biggest jump in the rankings was BDS Inc., the Sterling, Va., reseller arm of BTG Inc. BDS rocketed to sixth from the company's 1992 ranking of 14th, with sales during that period increasing to $29.5 million from $9.2 million. Pat Neven, a vice president with BDS, attributed the surge to repeat business and the company's 1992 merger with BTG.

"The merger has given BDS leverage into accounts that otherwise we would not have been able to penetrate," Neven said.

Trouble Ahead?

PC vendors last month submitted proposals for GSA's 1994/95 multiple-award schedule solicitation.

The most recent trouble spot is a clause in the MAS solicitation that allows the government to make "single-source" awards. Critics believe single sourcing could hamper

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MAS

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purchasing flexibility, hinder competition and disturb the federal PC marketing channel [*FCW*, Feb. 7].

"I am concerned that a single-sourcing decision by GSA could disrupt vendor distribution channel strategies and partnerships that have taken years to construct," said Fed de Gastyne, director of federal operations at STG Marketing Communications and a PC marketing veteran.

But the revised B/C schedule has created other uncertainties as well. The new schedule permits vendors to offer discounts on individual schedule sales without having to revise their entire schedule. This policy could lead to mixed results, executives said.

"This could have a negative effect by reducing margins," said Alex Barenblitz, GSA program manager at Digital Equipment Corp. Steep discounting between rival vendors could take a chunk out of profits, he noted.

But flexible pricing also could increase sales volume, Barenblitz added. "It could be an airfare war or, on the other hand, it could be very beneficial," he said.

BDS' Neven was more positive about discounting. "In the past, it's been tough to push GSA when all it took was one call to the open market to get a quote one buck lower," Neven said. "This will allow GSA [pricing] to be more competitive."◀

The last quote by one of the industry persons says, it made us—GSA—a lot more competitive. There was a fear on the part of one of the industry representatives that they were going to get lower margins, which means the government is going to be getting better prices.

We believe that the pilot will turn out to give us better prices, significantly lower prices, just on the software deal. It is those kinds of mechanisms that we would like to try or at least to offer to the Congress as a means of getting real savings across government.

PROCUREMENT REFORM

Mr. FISCHER. Mr. Chairman, I could provide you with some testimony that our administrator, Roger Johnson, is getting ready to provide to the Senate on the procurement reform bill. It talks about some of the things you were getting at in terms of trying to simplify and speed up acquisition thresholds, parallel contracting, multi-year contracting, and some of the flexibilities that were introduced in the NPR report. In trying to prepare for this hearing, this was sort of our seminal statement from him of the kinds of things he saw relative to procurement reform.

If I could provide this, I believe it would be very helpful.

Mr. HOYER. Sure.

[The information follows:]

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STATEMENT OF ROGER JOHNSON,
ADMINISTRATOR OF GENERAL SERVICES
before the Senate Committee on Governmental Affairs
and the Senate Committee on Armed Services
February 24, 1994

Chairman Glenn, Chairman Nunn, and members of the Senate Committee on Governmental Affairs and the Senate Committee on Armed Services, thank you for inviting me to testify on S. 1587 and acquisition reform.

Ten years ago, Congress effected a comprehensive overhaul of government procurement legislation to remedy perceived unfairness in the procurement process. The Competition in Contracting Act ("CICA") created the statutory framework to make government procurement open to all and I think that CICA largely achieves that laudable goal.

Ten years in the procurement cycle represents many generations of products. In the computer industry, the industry with which I am most familiar, new prototypes appear every six months. In response to rapidly changing marketplaces and new needs, private industry has developed and employs procurement processes suited for specific products and needs. The government's procurement processes, however, have not kept pace with market changes and private industry practices. From the perspective of a former Fortune 500 company CEO, I believe, it is high time that the government refined and modernized its procurement methods.

S. 1587 includes a number of significant changes that I believe will begin the important process of streamlining procurement law and narrowing the gap between public and private procurement practices. By raising the simplified acquisition threshold from $25,000 to $100,000 and facilitating the purchase of commercially available items, S. 1587 will significantly improve the efficiency of federal purchasing and make government cost less and work better.

In my view, however, there is more room for improvement and rather than commenting on the many worthwhile features of S. 1587, I would like to speak about additions to the bill. The additions I propose are intended to build on a system that works well for certain procurements but works very badly for others. My suggestions refine the fundamentally sound CICA framework and gives the contracting community the tools it needs to be responsive to variations among markets and products.

NPR

Last summer I worked closely with the National Performance Review team that examined the government's procurement processes. The

NPR procurement reform team made a number of constructive recommendations, several of which have been incorporated in S. 1587. I wish to draw the Senate's attention to some additional recommendations that I believe will advance two important NPR themes: encouraging innovation and streamlining existing processes.

Encouraging Innovation

Test Authority

The NPR generated a number of excellent suggestions for improving government procurement. I do not believe, however, that the NPR suggestions represent the universe of good ideas. In fact, I believe that as the spirit of reinvention continues, many more innovative procurement reform suggestions will surface that will further streamline and economize government purchasing.

I believe that it is imperative that as good ideas emerge that they be tested. Congress can then review the results and consider whether changes in law are warranted. In order to accomplish this thoughtful transformation of procurement law, I ask the Senate to grant the executive branch general authority to test innovative procurement methods. In addition, I ask the Senate to authorize by statute specific pilot programs as part of S. 1587.

GSA is in the process of finalizing two proposals for conducting demonstration programs in the information technology area. The pilot programs will focus on generating greater industry and customer input, improving quality without increasing cost, and reducing the lead time and administrative costs of the procurement process. We are coordinating development of our pilots with OFPP and expect to present them for your consideration within the next few weeks.

Streamlining Existing Processes

Parallel Contracts

For certain critical items, relying on one supplier puts the government at considerable risk of supply shortages.

Congress should authorize agencies to award parallel contracts (i.e., award contracts to more than one contractor). For example, a solicitation could state that two contracts would be awarded, split 60% to the lowest priced bidder and 40% to the next lowest priced bidder.

In addition to providing the government with a guarantee of

continuous supply of critical items, parallel contracts encourage performance competition among awardees because an awardee knows that others are immediately available to satisfy the government's needs. Finally, parallel contracts save the government money and time by obviating the need for conducting a separate competition when a supply shortage arises or if a contractor is unable to perform.

Two Phase Competitive Source Selection

Current law requires agencies to consider price in establishing the competitive range when conducting negotiated procurements. The law also requires that the government must consider all proposals that fall within the competitive range. For many procurements, this system works well, but in certain cases such as for the design and construction of buildings ("design-build" contracts), the system creates problems for both prospective offerors and the government.

For projects like design-build, the potential offeror must often perform a substantial amount of design work before it can put a price on its proposal. The high cost of competing for these contracts, combined with the government's obligation to consider all reasonable proposals submitted puts a high cost on potential offerors and imposes a heavy burden of review for contracting officers.

A two phase process that focuses on qualifications and concepts in the first phase and limits competition in the second phase to a specified number of contractors will allow contractors to control expenses in the first stage and assure that contractors that prepare proposals have a realistic chance of being selected. Such a process will allow contracting officers to focus on a limited number of proposals. With planned reductions in the federal workforce, creating a process that operates with less paperwork and fewer manpower requirements is both prudent and necessary.

Multiyear Contracts

Under current law, the government cannot enter into multiyear contracts or contracts that cross fiscal years without express statutory authority.

Although multiyear contracts may not be appropriate for all contracts, agencies need the flexibility to enter into multiyear contracts when appropriate (e.g., to maintain continuity of service or to avoid the high cost of familiarizing a new contractor with the government's requirements). Under these circumstances, multiyear contracts can produce lower contract

prices by providing contractors with stability of work over a period of years and reduce agencies' administrative costs by reducing the number of contract actions to be processed.

Another problem with current law is the prohibition against contracts for service contracts that cross fiscal years (e.g., trash collection and lawn maintenance). Technically, all such on-going service contracts must end on September 30. This rule creates an enormous paperwork burden for contracting officials. At the end of each fiscal year, contracting officials must modify every federal contract to address funding for the new fiscal year contract period.

Agencies should be given relief from these sources of unnecessary paperwork. We simply do not have the manpower or resources to spare.

Contracting Procedures for the Continued Occupancy of Leased Office Space

When the government leases space, it often has to customize the space to meet agency requirements before moving in (e.g., installing telecommunications systems, configuring the space to meet the agency's needs or making alterations to make the building accessible to people with disabilities). These changes constitute a significant investment of time, labor, and money.

Under current law, the government must conduct a new competition when a lease expires despite the fact that when the costs of relocating an agency and modifying new space are considered, the incumbent lessor has a significant advantage over other competitors.

In light of the cost of conducting these procurements and their often foreseen outcomes, I ask the Senate to include in S. 1587 a provision that would authorize executive agencies to use other than competitive procedures for the acquisition of space when an agency has a continuing need for space, the current space meets the agency's need, and the incumbent lessor is willing to provide that space at a fair market price. Use of this authority would be subject to the normal justification and approval process that applies when using other than full and open competition procedures.

Simplified Procedures for Small Leases of Real Property

Long ago, Congress realized that the full panoply of procedural requirements are not cost-justified for small purchases. Congress translated this conclusion into law by permitting the use of simplified procedures for purchases below a certain dollar

threshold. While the small purchase rules apply to leases of real property, as a practical matter, they offer little relief because leases are generally entered into for a period of years and the aggregate value of these leases exceeds the simplified acquisition threshold in virtually every case.

I hope you will agree that the complex and costly administrative steps of conducting a full-scale competition for the lease of small blocks of space create undue delay, entail needless complexity, and add avoidable costs. GSA asks that Congress establish a threshold for the use of simplified procedures for leases of real property.

GSA recommends a threshold of $100,000 per annum in rent or approximately 10,000 square feet of space. (10,000 square feet would typically house 30 to 40 employees.) Since sixty percent of GSA's leases (representing 9% of GSA's annual lease payments) have an annual rent falling below the $100,000 threshold, creating a threshold for simplified lease purchases would provide us with significant relief.

Cooperative Purchasing

Under current law, the federal government cannot enter into cooperative agreements with state and local governments either to purchase off each others' contracts or to consolidate their purchasing. It makes eminent sense to permit reciprocal use of contracts and to consolidate government procurement actions not only to maximize the economic advantage of volume buying but also to eliminate duplicative procurement efforts. One example well illustrates why the law should be changed.

The state of New York constructed a veterans home on the federal Department of Veterans Affairs (VA) Medical Center site in Albany. The site provides veterans with convenient access to both VA and state medical facilities. The VA and the state of New York each enter into separate contracts for such services as snow removal, trash collection, and laundering. This redundancy of effort could be avoided by allowing the VA and the state to capture the manpower and the cost efficiencies of combining their procurement needs.

CONCLUSION

Without question, the changes that S. 1587 proposes will significantly improve the government's procurement processes. The issues I have addressed today -- encouraging innovation in procurement and streamlining -- are fully consistent with S. 1587's reform spirit and I hope the Senate will give them favorable consideration.

I heartily urge the Senate to pass S. 1587 and commend the Senate for their earnest efforts in addressing procurement reform.

Mr. THOMPSON. We have not implemented those. What we have done is taken the ideas that came from the NPR, we met with the industry, we have met with staffers, and we have begun to formulate plans and look at alternatives and options. And now we are in the stage of wanting to come before you to say, Here are our options that we think can improve the process. If we do this, we think this will be easier. If we make these changes, some of which include delegation and some which include the way we would do it in the process. Then out of that offering, you and the Congress would decide if we proceed or not proceed.

At the same time, we are continuing to do the following, the former method and the current method. And what you hear are that we are making rapid changes when all we are really doing is making plans and evaluations in order to be able to propose new methods.

TELECOMMUTING CENTERS AND FLEXIPLACE

Mr. HOYER. I have a number of other questions. As you heard, we have a vote on. Let me ask you a question about telecommuting centers. Hagerstown is up and running? Where are we now?

Mr. FISCHER. Yes, sir. We have Cynthia Metzler here and Faith Wohl.

Mr. HOYER. Ms. Wohl, welcome. I saw you on our list and I did not identify you for Mr. Wolf, but your name came up yesterday—very favorably, I might add.

Mr. Wolf, as I indicated yesterday, has been particularly concerned about the workplace as a friendly place for families and for workers generally, but families in particular, and he would very much like you to, I am sure, stop by his office. He was very pleased with your appointment.

Before we go, I have about five minutes, if we could talk about perhaps the telecommuting centers and flexiplace. Those two items in particular we will get on the record. I would like it hear about it as well, but we will get that available for Mr. Wolf, too.

Ms. WOHL. What specifically would you like to know?

Mr. HOYER. Where we are on the telecommuting centers. There are four of those. If you can just briefly give me an overview on where they stand.

Ms. WOHL. Winchester is up and running. Hagerstown is in an interim stage, partially operating, and should be finished within the next month or two. The site has been selected in Fredericksburg. We expect to open that by the end of April. And the Charles County site in Maryland is also going to open in the middle of this spring. We expect to have everybody ready, I would say, by the end of April.

Mr. HOYER. How many people do we contemplate?

Ms. WOHL. The centers are going to be able to serve probably as many as 200 directly within the centers themselves by virtue of using——

Mr. HOYER. Two hundred per center or total? Fifty percent in effect?

Ms. WOHL. Right, depending on how people are scheduled, if they work their one or two days per week. We are far from achieving that goal at this time.

In the meanwhile, we have sort of capitalized on the opportunity of Los Angeles's experience, and have moved to create several telecommuting centers there and actually have opened them I think in record time, thanks to some terrific work by our West Coast people.

The week of February 7th, I think it was about two weeks after the earthquake, we had three centers operating in Los Angeles and we already have 10 or 15 people working in those, and we are working on two more possibilities, one in Orange County, where there are a lot of Federal workers.

Mr. HOYER. Mr. Brooks was very concerned about Orange County. He has a couple of nominees who have worked in the telecommuting centers.

Ms. WOHL. It is an area that has been very hard hit. I was out there on Friday and I looked at the progress. I think you would be very proud of the facilities. I think you would feel even better about the attitude of the people working in them, who feel, in the colloquial words, as if they have died and gone to heaven.

I understand that, having spent four hours in very heavy traffic getting out there and back to Los Angeles. To have people living in Valencia and being able to work in Valencia, they feel very, very positive. That is going to translate to their loyalty, their commitment, their ability to spend more time with their families. Four hours on the road is not going to be very friendly to anyone, much less families.

The other thing we are learning out there—and I hope all this learning translates into what we can do here—we are learning it is a good environment for customer service operations. Not only are the people working there not having to commute to downtown Los Angeles, but the people they service also are able to access it more easily. So we have IRS field agents out there, we have Veterans Administration, customer service people working, in effect bringing the government back into the community and out of central hubs. And that is to me—that is a positive outcome.

Mr. HOYER. The Administrator indicated a goal of 2500 people, mainly based upon, as I understood his comments yesterday, a threshold level that would be helpful to the highway system. I guess you could do less than 2500, but you are not going to make much of an impact. But if you get 2500, you will get something that will make some sort of a difference. You mentioned 100 people per 25 centers?

Ms. WOHL. Roughly we can service 100 people in the centers. Then each of the centers could serve as a hub for a number of people working at home.

For example, the Social Security Administration has about 250 people working at home who are sort of isolated in their individual houses and the center itself could be a resource to those people, providing copiers and fax machines, meeting rooms, UPS or Federal Express, post office pickup points.

So we could serve a larger Federal Community. Part of what is holding us back is merely assessing the need out there. True to the Federal Executive Board, we have done a survey of all of the agencies who have employees in the Los Angeles area and we are wait-

ing for the results, trying to see where the points of greatest need are so that we can meet those.

We are determined to set up the centers where the people are and configure the centers in a way that meets the unique business needs of the agency that we will be using. So far, I think we have moved very quickly. Now it is more a customizing process from here on in.

I am meeting tomorrow with the Department of Transportation. They are very interested to see what they can do, obviously, not only to impact on their organization but to benefit their employees. I think it has a twofold benefit.

Mr. HOYER. It has an energy benefit, too.

Ms. WOHL. And a clean air benefit if we get enough people. Right now we don't have enough people off the roads, but the people who are off are working more effectively and their workplaces are better places.

FUNDING OF EQUIPMENT

Mr. FISCHER. If I might make one pitch for legislative action, there is a permanent ban on spending money to install telephones in private homes of our employees. It was temporarily waived in the 1994 Appropriations Act and we have requested that it be continued. If we don't have that waiver, it will be difficult to encourage people to use the flexiplace program to work at home, because of the telecommunications and data communication needs.

Mr. HOYER. What about desks and chairs and lamps and typewriters and all that sort of stuff? Do we supply those?

Ms. WOHL. Yes.

Mr. HOYER. Where is the money coming from? Is it coming from emergency funds or from our existing budgets?

Mr. FISCHER. We have used our existing money, and part of the unspecified amount in the emergency earthquake supplemental appropriation.

Mr. HOYER. That is the $500 million of the President's discretionary fund?

Mr. FISCHER. Yes. Right now we are thinking it is going to be in the neighborhood of $7.5 million.

Mr. HOYER. For how many centers?

Ms. WOHL. Up to 25 centers.

Mr. HOYER. So you are talking about 300,000 a center?

Mr. FISCHER. Yes.

Ms. WOHL. That is the need we estimated in order to have a real impact on commuting patterns.

Mr. HOYER. My staff is getting nervous about me making the vote so I guess I will quit.

Ms. Metzler, I would urge you to talk to Mr. Wolf. He has really been very diligent on this and does excellent work. I am very supportive of his efforts. In fact, I have initiated some myself, and he has followed through on them. This is a very exciting time in terms of the way we organize the workplace in new ways, that we didn't possibly contemplate 20 years ago. In many ways it can be more efficient, more environmentally friendly, and more family friendly. We get the same or better product.

It's also in place in the private industry. I saw an interesting television show on the Travelers Insurance Company and a travel agency using this type of system. Their kind of work is almost all phone and computer work, for the most part they don't do any work, in person anymore.

Mr. HOYER. Mr. Fischer, thank you very much.

We will insert the Questions for the record at this point, followed by the Justifications.

[The material follows:]

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FULLY-REIMBURSABLE FEDERAL SUPPLY SERVICE

Question. I am very concerned about the perception that Federal agencies are paying more for supplies and services purchased from the Federal Supply Service than they would pay private sector companies. How do you respond to this perception; are GSA's prices higher? If so, what factors contribute to this disparity?

Answer. For comparable supplies and services, Federal Supply Service prices are lower than commercial sources. To ensure our prices are lower, as well as monitor private sector competition for our major business lines, the Federal Supply Service currently conducts market basket price comparison surveys. In recent studies, stock program prices for general operating supplies, compared to discount supply catalog retailers, are approximately 20 percent lower, on average. For office supplies, retail prices, with telephone ordering and quick delivery, are generally 20 percent lower than discount catalog retailers. GSA prices for automobiles and trucks are consistently lower than dealer invoice prices.

In the Federal Supply Schedules program, Federal Supply Service contracting officers are required, by regulation, to seek equivalent or better prices than offered to any customer. Prices obtained by the Travel Management Program for airline tickets average 50 percent off regular commercial fares. We estimate that Federal Supply Service's management of Federal fleets shows a 25 percent overall savings versus similar services from the private sector.

There have been and will continue to be occasions when a private sector company sells a comparable item at a lower price. While these occasions do not add up to savings overall, human nature tends to remember the special case and not to consider the much more frequent, routine occasions when the Federal Supply Service price is lower. A second factor is that customers often do not use comparable items for price comparisons. Finally, customers usually do not consider their own internal costs when purchasing from the open market. Purchasing from the Federal Supply Service is much less expensive than an agency buying on the open market because most of the procurement work has already been done for them, and we provide several easy to use, automated ordering channels.

Question. There remains a request for appropriated funds to support the Federal Supply Service. What would be the effect of not appropriating funds?

Answer. As a result of last year's direction from the Committee, FSS has developed preliminary plans to reimbursably fund the Schedules Program and the service portions of our travel and transportation activities by applying user fees or vendor discounts. Simultaneously, these programs would be made non-mandatory giving customer agencies a choice between FSS and the private sector. Although the Schedules and the Travel Management Centers in the travel and transportation activities can be funded reimbursably, converting the funding would require a three-year phased approach to coincide with existing contracts' terms. Additionally, we do not have the resources to renegotiate all contracts immediately.

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QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FULLY-REIMBURSABLE FEDERAL SUPPLY SERVICE (CONT.)

Reimbursably funding the donation function would require a change to the Federal Property and Administrative Services Act of 1949 in Section 203(j)(1), which requires transfer without cost, except for the costs of care and handling. Converting the utilization function to reimbursable funding conflicts with making reimbursable programs non-mandatory. The program should remain mandatory, since agencies would be placed in a conflict of interest posture with respect to the excess sales program. Additionally, it is anticipated that applying a fee, no matter how nominal, to any transfer would be extremely unpopular with both the receiving Federal agencies and State surplus property agencies.

If appropriated funding is not available for the utilization/donation functions and our policy and regulatory functions in travel, transportation, aircraft management, and mail management (functions which are not service or product related), FSS, with appropriate communication, would have to undertake a major review to determine whether to continue these functions and at what level and what method we could apply to fund them.

Question. Why must the Federal Supply Service receive any appropriated funds, why can it not be a fully-reimbursable activity?

Answer. FSS could reimbursably fund all of its current appropriated activities, however, as indicated above in the answer to the second question, there are those activities such as program oversight and policy that are not appropriate for reimbursable funding. As with reimbursable supply operations and fleet management activities, we do not cross-subsidize any programs so that we are able to maintain cost and pricing integrity.

Question. Does legislation require a level of appropriated funds or prohibit the implementation of a fully-reimbursable Federal Supply Service?

Answer. The report language for Industrial Funding which was authorized on December 22, 1987, specified that only supply operations activities (stock, customer supply centers, stock direct delivery, and special orders) would be covered by the legislation. Specifically omitted were the FSS Schedules program, personal property program, and the travel and transportation management programs. As a result, appropriations have been provided to fund those programs. However, we believe the actual statutory language that provides industrial funding authority is broad enough to include the current appropriated activities, with the approval of the Committee although some portions, as previously discussed, would require subsidization by other programs.

Question. Last year Congress addressed the issue of reimbursement for transportation audits which GSA conducts as a service to other agencies. What is the status of this reimbursement proposal?

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FULLY-REIMBURSABLE FEDERAL SUPPLY SERVICE (CONT.)

Answer. The Treasury, Postal Service, and General Government Appropriations Act, 1994, Pub. Law 103-123, section 620A, provides for all GSA transportation audit and audit-related expenses to be funded from collection of overpayments by carriers. Previously, Pub. Law 99-627 provided that only payments to GSA post payment audit contractors and contract administration costs could be funded through these collections, under a 40 percent limitation.

Beginning in FY 1994, the Office of Transportation Audits will now fund all costs from the receipts collected. Program costs such as program direction, claims adjudication, regulatory, prepayment audit, personnel costs, facilities, travel and transportation, collections from bankrupt carriers, and the tender and tariff library will be funded from receipts collected.

GSA will continue to provide annually a report of receipts, disbursements, and transfers to miscellaneous receipts to the Department of the Treasury, as provided by section 620A.

GSA has developed proposed legislation which would 1) require all agencies to verify transportation charges through prepayment audit or other means prior to payment, and 2) discontinue post payment audit of transportation bills except for those performed as a result of disputes, claims, erroneous payments, and quality control type sampling performed by GSA.

As agencies begin to verify transportation charges through the use of a GSA prepayment audit contractor, their in-house auditors, or through other means, overcharges identified by post payment contract auditors should decline.

Funding of the program through receipts should not have a severe impact on program operations. As receipts decline, a proportionate reduction in staffing through attrition, early-outs, and reduced space and ADP costs should offset funds required for program operation.

Question. I know you have explained these programs to us in the past, but we have a few new members here, so I would ask that you again explain the difference between the FSS Stock program and the Federal Supply Schedules Program. Are each of these reimbursable programs?

Answer. FSS Stock Program. Federal Supply Service (FSS) stocks a wide range of items in a nationwide network of Distribution Centers. These items are listed in the GSA Supply Catalog. Customers may obtain items from stock by submitting standardized requisitions or, for faster and easier ordering, by direct electronic entry of requisitions into FSS. Requisitions for large quantities of any stocked item and for any quantity of some bulky stocked items can be filled by direct shipment from the vendor to the customer. The prices of stock items are set to recover the cost of goods as well as all FSS costs incurred in supplying those items to the customer. The prices of stock items that are shipped directly to the customer from the vendor are discounted to reflect the fact that associated distribution costs have not been incurred by FSS. The FSS Stock Program is a fully reimbursable program.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FULLY-REIMBURSABLE FEDERAL SUPPLY SERVICE (CONT.)

Federal Supply Schedules Program. Under the Federal Supply Schedules Program, FSS enters into requirements contracts with commercial firms to provide supplies and services at stated prices for a given period of time. Agencies place orders directly with the schedule contractor and deliveries are made directly to the customer. Schedules are listed in the Federal Supply Schedule Program Guide, which also includes detailed instructions for ordering and documenting purchases. The price of schedule items reflects the cost of goods from the contractor. Payment is made to the contractor by the customer. The schedules program is funded through appropriation; it is not a reimbursable program.

PERFORMANCE REVIEW

Question. The report which accompanies the FY 1994 House-passed Appropriations Bill includes a direction that agencies conduct a review of performance management. Have you conducted a review of the management of GSA to highlight performance measures?

Answer. The General Services Administration (GSA) has completed such an evaluation as part of its overall examination of the Agency, and as a result of National Performance Review initiatives. We have determined that our current measures are inadequate to effectively judge the complete performance of the agency. Accordingly, we are going to develop new standards, generally based on the "best in class," and judge our performance in the future against these standards.

Because we are striving to do better, however, does not mean that performance or workload criteria have been entirely lacking. Since at least the mid-1980s, the agency's major programs have used performance criteria to justify budget requests, assess operations, and highlight areas requiring attention or improvement. Recognizing the importance of tying measurement to planning, the agency began preparing strategic plans in 1989. Once the planning process was institutionalized, performance measurement was officially added as part of the agency performance plan in 1991.

Measures have been included in the agency's 1992 and 1993 Annual Reports containing audited financial statements for the respective fiscal years. It should be noted that both financial statements received unqualified opinions from the internationally-recognized public accounting firm, Arthur Andersen & Co. When the Chief Financial Officers Act of 1990, Public Law 101-576, called for annual audits and the use of performance measurement in agency operations, the agency was already well ahead of the vast majority of the Federal community.

The agency has been accepted as a pilot agency under the Government Performance and Results Act of 1993, Public Law 103-62.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE REVIEW (CONT.)

Question. What are some of the specific measures you have included in the 1995 budget which reflect this review?

Answer. Following is a list, itemized by program area, of specific performance measures from the U.S. General Services Administration fiscal year 1995 budget:

PUBLIC BUILDINGS SERVICE:

Rental of Space:

Office space utilization rate
Ratio of leased to Government-owned space

Repairs & Alterations:

Total workload inventory

Building Operations:

Unit cost per sq. ft. for cleaning, utilities and fuel, maintenance, other building services & protection
Energy consumption (BTUs) of leased vs. Government-owned space

FEDERAL SUPPLY SERVICE:

Recovery of transportation overcharges
Costs per $100 sales for the stock program in supply operations
Stock inventory turnover, ratio of dollar value of stock sales to dollar value
Dollar value of inventory
Overall stock markup to customers
Fleet operating costs per mile
Projected schedules program business volume per FTE
Projected business volumes for the IMPAC (credit card) program
Business volumes for the utilization & donation portions of the Property Management Program
Sales volumes generated by the Travel Management Centers
Number of routes projected for the air/rail city pairs
Cost of small package express contract costs compared to commercial service costs
Moving costs compared to commercial rates

INFORMATION RESOURCES MANAGEMENT SERVICE:

Procurement Dollars delegated to other Federal agencies
IRMS agency reviews completed
Number of Board of Contract Appeals protests analyzed
Average number of days required to process procurement delegation requests
Schedules Program sales vs. savings
Reduction of backlog of orders for the Schedules Program

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE REVIEW (CONT.)

Projected business volumes for (POTS) contracts
Number of lines the Local Telecommunications Services program provides
Local Telecommunications Services average monthly line rate vs. commercial line rate
Federal Information Systems Support Program (FISSP) volume of business
Information Security Management (ISM) program number of service requests
ISM percent of responses that meet goal of 6 hours to restore secure communications
Cost of local telephone service compared to equivalent commercial rates
Purchase of telecommunications equipment and services compared to commercial open market

OFFICE OF FTS2000:

Percent of time contractor meets scheduled service order due date
Number of switched voice service troubles reported per 100,000 calls
Customer satisfaction with handling of troubles reported to the vendor
Reduction of Management Support costs
Cost per minute of FTS2000 switched voice service compared to the commercial equivalent

FEDERAL PROPERTY RESOURCES SERVICE:

Total real property disposals per FTE
Surveys completed vs. goal

EXECUTIVE DIRECTION AND STAFF OPERATIONS:

General Management and Administration:

Board of Contract Appeals: Appeal cases received, closed & pending
Bid protest cases received, closed & pending

Working Capital Fund:

Number of Congressional offices supported
Number of FOIA requests processed
Number of SF 50 personnel actions processed
Pre- and post-award contract reviews for regional acquisition management
Procurement management reviews completed
Financial management discounts earned
Billings and invoices processed
Average number of employees
On-time payments
Interest paid per million disbursed
Percentage of employees paid by electronic funds transfer
Percentage of vendor payments made on time based on number of items
Number of printed units per workyear & sales to FTE comparison

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE REVIEW (CONT.)

Inspector General:

Management decisions to put funds to better use
Management decisions to recover funds negotiated and court ordered recoveries and investigative recoveries
Criminal indictments and convictions
Contractor suspensions and debarments

Question. In conducting this review, the Committee suggested the use of performance measurement data, especially quality and customer satisfaction information. What data have you been able to develop to measure your performance?

Answer. Although the agency has had customer satisfaction measures in use, we must do more to understand, quantify, and integrate our customers' perceptions into our management improvement efforts and fully implement Executive Order 12862, Setting Customer Service Standards.

A number of customer satisfaction measures are tracked on a regular basis and shown in GSA's Annual Report including the percentage of space requests completed within the schedule agreed to between GSA and the client agency and measures of fill rate, backorders and other statistics related to fulfilling agency orders for supplies. Where GSA provides services on a nonmandatory basis, most notably in the Federal Supply Service, the continued high business volumes are themselves measures of customer satisfaction, since agency customers are not required to come to GSA.

GSA has embarked on an extensive effort to systematically measure customer satisfaction. This will include: 1) Development of a coordinated and consistent method to survey high-level GSA clients so as to understand their requirement and their level of satisfaction with GSA services; 2) Specification of a measurement approach that permits a systematic and coordinated means of listening and responding to client complaints and problems; and 3) Establishment of GSA-wide service goals based on client surveys. The customer survey instrument has been pilot tested with the executives of the Departments of Health and Human Services and Treasury. Results are being analyzed. The next test site will be the Department of Defense.

Question. Is the application of these data reflected in your 1995 budget request?

Answer. Little information is reflected in the 1995 budget request. Although many measures are related to customer satisfaction, such as comparisons to private sector costs, only one directly addresses customer satisfaction as a specific indicator: Office of FTS2000, Customer satisfaction with handling of troubles reported to the vendor.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE REVIEW (CONT.)

As a result of current efforts to develop baseline data on customer satisfaction, more performance measures will be developed in the coming year. The 1996 submission will reflect a more robust set of customer satisfaction measures.

Question. The Committee also suggested that the performance measures should be linked to planning and agency improvement efforts. How have you used these measures to "benchmark" and develop strategic plans for GSA?

Answer. The U.S. General Services Administration has incorporated performance measures into its agencywide strategic plans on an ongoing basis. Specific objectives and methodology are described in individual performance, or tactical, plans developed by each program area. The Administrator of General Services meets regularly with agency top management to ensure that goals are being met and any necessary adjustments are made to maintain the anticipated level of achievement.

The agency is in the process of reassessing all functions and activities to better serve our Federal agency customers and other stakeholders. This has temporarily shifted our focus away from our existing strategic plan as we evaluate options for the future. There will be changes as the review is concluded. We look forward to working with the Committee to refine our plans and develop meaningful performance measures that will help us better guide agency programs.

FTS2000

Question. The FY 1995 budget includes the same provision as was included in last year's bill concerning FTS2000. This provision requires the mandatory use of FTS2000 by Federal agencies unless the GSA reports that FTS2000 is not the most cost-effective way of procuring communication services. Has GSA conducted an analysis of the cost effectiveness of FTS2000 and, if so, what are the results?

Answer. GSA reported to Congress on the cost-effectiveness of the FTS2000 program on March 1, 1993. Based primarily on an independent study conducted under the auspices of the FTS2000 Interagency Management Council (IMC), the report concluded that FTS2000 prices, in aggregate, are at least as good as the best equivalent commercial prices without considering the value of unique Government requirements. When the value of unique Government requirements is factored in, the report concluded that FTS2000 is significantly less expensive than commercial equivalent offerings. As was expected, pricing disparities for those few instances where commercial prices were found to be less expensive were corrected when the Publicly Available Price Cap (PAPCap) mechanism was exercised in April 1993. The quarterly PAPCap analyses conducted from April 1993 to April 1994 will form the basis of the upcoming cost-effectiveness study due to Congress in July 1994.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FTS2000 (CONT.)

Question. What would be the impact on the FTS2000 program if mandatory use were eliminated in FY 1995?

Answer. If mandatory use of the FTS2000 contracts were eliminated, there would be no way to perform the Price Redetermination/Service Reallocation (PR/SR) process and Publicly Available Price Cap (PAPCap) agreements could be void. In addition, agencies would be adversely affected by higher costs due to the loss of volume discounts and added procurements costs would be incurred by agencies leaving FTS2000. Ultimately, the result would be increased telecommunications costs to the Federal Government.

The FTS2000 contracts provide for a price redetermination (PR) process during years four and seven of the contracts to control prices. Each contractor competes for up to 40 percent of the other contractor's present business based on a competition of quality and cost. As a result of Year 4 PR, each contractor ended up keeping its present customer base and price reductions will reduce agencies' telecommunications costs by $450 million over the remaining life of the contracts.

Also at years four and seven, the Service Reallocation (SR) process allows GSA to "fine tune" the 60/40 revenue split awarded initially to AT&T and Sprint. As a result of Year 4 SR, a large portion of the Department of Veterans Affairs service was moved from Sprint to AT&T. This "fine tuning" of the contract was based on the projected usage over the life of the contract. Without mandatory use, GSA could not project usage for the contractors to bid on or to reallocate during the SR process.

In addition to the PR/SR process, another of the Government's mechanisms to control prices are Publicly Available Price Cap (PAPCap) agreements. These agreements with both contractors for all FTS2000 services ensure that prices obtained during PR/SR continue to track the market and remain below the best comparable commercial rates.

Under the agreements, quarterly comparisons are made of FTS2000 prices and current lowest comparable commercial prices, and the prices are adjusted accordingly. This allows for quick response to price changes in the volatile telecommunications marketplace.

Since the initial quarterly PAPCap evaluation in April 1993, evaluations have been conducted in July and October 1993. Based on the October 1993 evaluation, FTS2000 rates continued to be below the best comparable commercial rates. Savings resulting from PAPCap evaluations are projected to be $6.5 million annually through the remainder of the FTS2000 contracts.

The existence of mandatory use requirements was a significant factor in the Government's success in obtaining the PAPCap provisions. Elimination of mandatory use legislation and any resultant modification to the corresponding Federal Information Resources Management Regulation could void the current PAPCap agreements since the FTS2000 contractors would no longer be obligated to continue the pricing mechanism.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FTS2000 (CONT.)

The actual and potential business volume resulting from mandatory use significantly strengthened the Government's bargaining posture in obtaining the best deals possible when implementing PR/SR and during PAPCap negotiations. Continuation of mandatory use ensures the greatest utilization of the program to obtain maximum cost savings and other efficiencies. This is particularly true if the Government is to achieve the full benefits to be derived from the seventh year PR/SR, current PAPCap agreements, and contract provisions for service enhancements.

FTS2000 prices also depend on usage volumes for the entire network and at each location. Higher volumes mean lower prices. If customers were to leave FTS2000, it could have an adverse impact on those remaining at a location, especially small users due to the loss of volume discounts. There would also be an additional charge when the agency who left the network called an FTS2000 user and vice versa. These long distance calls would be off-net calls and, therefore, would be more expensive. Aggregation of access lines benefits FTS2000 users; this now can be accomplished at an FTS2000 location by the FTS2000 contractors because they serve all agencies.

Finally, if mandatory use were eliminated, additional procurement costs would be incurred by those agencies leaving FTS2000. Procurements take time and are resource-intensive and contractor procurement costs are imbedded in most competitive bids. Any agency leaving FTS2000 would have to competitively procure their service and, therefore, incur these costs. Post-FTS2000 is in the planning stages and would be the appropriate time to look at other approaches and make them available to agencies if cost-effective.

PROCUREMENT REFORM

Question. The FY 1995 Budget assumes a $1 billion savings associated with reforming the procurement process. What are these proposed reforms and what role did GSA play in developing these proposals?

Answer. In the fall of 1993, the National Performance Review recommended a number of procurement law reforms that would streamline the acquisition process and create significant savings. Many of these proposals are included in procurement reform bills currently under consideration by the House.

In addition to offering proposals for legislative reform, NPR suggested that agencies modify internal practices. GSA is implementing regulatory changes (e.g., cutting the number of regulations) and altering agency practices that will produce significant savings (e.g., simplifying ordering procedures under the Multiple Award Schedules).

Roger Johnson worked closely with the NPR staff and various GSA employees assisted in the drafting of NPR proposals.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PROCUREMENT REFORM (CONT.)

Question. Throughout my years in Congress, I have become concerned that the procurement process does not work to the benefit of the agency or the taxpayer. It takes too long to purchase major items and technology is often outdated by the time it is acquired by an agency. Are the proposals designed to address these concerns?

Answer. Yes. NPR offered several specific recommendations with respect to information technology acquisitions. These recommendations are intended to shorten time delays in acquiring products and ensure acquisition of state of the art products. For example, NPR suggested that agencies procure commercial/off-the-shelf items. Commercial item purchases makes specification drafting less complicated and do not require the government to collect voluminous cost and pricing data.

Question. When will the Administration be submitting a legislative package to Congress so that the reform proposals will receive adequate hearings before the Government Operations Committee?

Answer. The Administration is not planning to submit its own procurement reform bill. Rather, we are working with both the House and Senate on including NPR procurement reform measures in House and Senate bills already under consideration.

FLEXIPLACE WORK CENTERS

Question. In the fiscal year 1994 appropriation, the Congress provided $1 million in addition to the $5 million appropriated in 1993, to open four flexiplace work telecommuting centers. What is the status of these four centers?

Answer. The four designated center sites are Shenandoah Valley (Winchester, Virginia); Fredericksburg, Virginia; Hagerstown, Maryland; and Southern Maryland. The Winchester center is open and fully operational with 14 workstations in a downtown pedestrian mall setting. The Fredericksburg center is scheduled to open in mid to late April, 1994. Hagerstown currently has an interim center with five workstations that is open and operational at the Hagerstown Community College. This facility will expand to 10 workstations by April 1994. Another facility is scheduled to open in downtown Hagerstown in July, 1994. The Southern Maryland center is scheduled to open in March, 1994.

Question. There has been some interest in opening one or two similar centers in the Los Angeles area to assist federal agencies in accomplishing their missions without having all the employees on the roads destroyed by the recent earthquake. What are you doing to assist agencies in establishing flexiplace work telecommuting centers in California?

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FLEXIPLACE WORK CENTERS (CONT.)

Answer. The GSA has initiated the following actions in California:

-Established and equipped three telecommuting centers and, based on agency need, planned for additional centers;

-Providing training, evaluation, and other program guidance to Federal agencies and all center participants;

-Addressed the Los Angeles Federal Executive Board to inform them of available facilities and assistance;

-Surveyed all Los Angeles area Federal agencies to determine their post-earthquake needs and interests regarding facilities and telecommuting;

-Initiated meetings with managers at individual agencies to answer questions and encourage participation in the telecommuting program; and

-Top management at GSA is contacting top management at headquarters offices of other agencies to offer assistance and information and encourage participation.

GOVERNMENT TRAVEL

Question. GSA has awarded two contracts for credit card services, one is for Government employees who travel on Government Business, the second is for small purchases. What is the value of these contracts and how many cards are currently in use?

Answer. The travel charge card contract was awarded to American Express Travel Related Services September 30, 1993, with an effective date of November 29, 1993. Currently, almost 1 million cards have been issued to Federal employees who travel on behalf of the Government. Charges made through this card over a five-year period are expected to be approximately $17.1 billion. The Governmentwide Commercial Credit Card Services contract was awarded to Rocky Mountain BankCard System (RMBCS) on February 16, 1994 with an effective date of March 4, 1994. Currently, over 65,000 cards have been issued to Government employees authorized to make small dollar value purchases on behalf of the Federal Government. Charges through this card over a five year period are expected to be approximately $5.5 billion.

Question. Has the Government negotiated with these companies to receive any kind of rebate associated with the use of these cards? If so, do these rebates offset the cost of administering the programs? If not, why not?

Answer. Yes, both contracts include arrangements for refunds to the Federal Government. Under the Travel Charge Card Program, two separate types of refunds are included. The first refund is based on sales. The Government will receive 65 basis points for each dollar of sales

charged to the travel card, except for Travelers Cheques and ATM transactions. Based on projected sales for the 5-year period, this refund could amount to approximately $89 million. Additionally, agencies are eligible for a productivity based refund which will return to the agency a portion of the cost of funds savings realized by the contractor when the agency or its employees pay their bills promptly. Furthermore, American Express paid the Government a conversion allowance for each card issued under the previous contract. This amounted to an additional $18 million for the Government.

Under the Small Purchase Card Program, the Government will receive a sponsor refund of 20 basis points on all sales charged on the small purchase card. Based on projected sales for a 5-year period of $5.5 billion, the sponsor refund would amount to approximately $11 million. A productivity based refund is also available under this program for agencies who pay their bills promptly. The contractor will refund to agencies one basis point of their semi-annual sales for each day of improvement in the timing of their payment. Additionally, agencies can earn 5 basis points extra if they receive their reports electronically. Additionally, RMBCS agreed to pay a bonus of $500,000 each contract year that sales reach $1 billion.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

INFORMATION SECURITY OVERSIGHT OFFICE

Question. In 1994, The House eliminated funding for the Information Security Oversight Office. A portion of these funds were reinstated in the Conference Report with the understanding that this office would be moved to an agency such as the National Security Council which had more direct relation to its mission. The FY 1995 Budget however retains this office in GSA. Why is this office still funded by GSA?

Answer. On December 1, 1993, General Services Administration (GSA) responded by letter to the request of the National Security Council (NSC) for reaction to four proposed options regarding the placement of the Information Security Oversight Office. The recommendation in our letter was to place this office in the NSC since the functions of this office are not consistent with the basic mission of GSA. While this office has been administratively under GSA, the NSC provides the policy oversight in the classification and safeguards areas. This position was also indicated in GSA's National Performance Review report. However, the OMB budget passback for FY 1995 did not delete funding for this office in GSA's appropriation account since an alternative decision had not been made by the administration at that time.

Question. The concern of the House was that ISOO did not receive adequate oversight to ensure that it followed established procurement procedures. Therefore, we directed the Administrator of GSA to ensure that such oversight was put into place at GSA. What are you doing to exercise adequate oversight for the office?

Answer. The ISOO Director is required to regularly brief the Administrator, Deputy Administrator and other GSA management officials on ISOO's activities, both verbally and in writing. The Director receives verbal and written feedback from these officials. ISOO's Chairmanship of interagency committees and public advisory committees is closely monitored by GSA's Committee Management Staff.

The ISOO Director meets regularly with GSA officials, including the Chief Financial Officer and the Director of Budget to discuss how to fulfill ISOO's mission with decreased FY 1994 resources.

USE OF UNOBLIGATED BALANCES

Question. The FY 1994 Appropriations Act provided authority for GSA to use up to 50 percent of its unobligated 1994 balances in 1995. Of these funds, 2 percent may be used to finance employee cash awards and 3 percent may be used for employee training programs. What are your plans for the use of these funds in 1995?

Answer. Section 802 of the 1994 appropriations act provides us an excellent opportunity to give cash awards to deserving employees who propose improvements in program delivery and better and faster ways to provide services to our customers at demonstrated savings. Also, employees

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

USE OF UNOBLIGATED BALANCES (CONT.)

who reduce costs of doing business in their regular assignments, be it finding cheaper rates for official travel or eliminating an unnecessary office procedure would likewise receive appropriate cash awards. These cash awards, would be administered under an established system within the 2% limitation in the 1994 appropriation act.

Employee training programs would be enhanced by this provision since regular funding is often not sufficient to provide essential training to employees. We plan to focus first on areas where employees skills need to be upgraded due to new technology under an established system within the 3% limitation.

The remainder of the 1994 unobligated balance authorized to be available in 1995 would basically be use for essential unforeseen program needs and upgrades of obsolete automated systems essential to effective program delivery.

As required by section 802 of the 1994 appropriations act a plan for the use of these funds will be formally submitted to the House and Senate Appropriations Committees.

Question. What is the level of unobligated balances which you anticipated will be available at the end of 1994?

Answer. It is estimated that a small percent of the allocations of 1994 operating expenses appropriations to each of our eleven regions and the several Central Office organizations will be unobligated at year end. On a national basis this would equate to about $1,500,000 of which 50% or $750,000 would be available in 1995 under the provisions of section 802. This estimate is smaller than previous years' unobligated balances due to absorption of locality increases.

Question. Section 5 of the GSA General Provisions, provides authority for GSA to use funds which would otherwise expire at the end of 5 years, for major equipment acquisitions needed to implement Chief Financial Officers Act. Have you developed a plan for how these funds will be used?

Answer. A plan for the agency-wide use of these funds is being developed with strong input by GSA's Council of Controllers established by the Chief Financial Officer. The plan will focus on use of the funds to upgrade agency-wide financial accounting systems due to their age and the need to make them more useful to managers; install agency-wide financial management and management information systems needed to implement the Chief Financial Officers Act and to provide a cohesive mechanism to fully institute a system of meaningful program and financial performance measures; and selective computer purchases in critical areas where labor intensive manual procedures require automation. As required by section 5 this plan will be formally submitted to the House and Senate Appropriations Committees.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

USE OF UNOBLIGATED BALANCES (CONT.)

Question. Have you encountered obstacles to the implementation of this section?

Answer. As noted, we are in the process of developing a plan of implementation. We have not encountered any obstacles to date.

PROPOSED CHANGES
GENERAL PROVISION ON RECYCLING

Question. The FY 1995 Budget includes a request for a new provision which will allow agencies to retain receipts received from recycling efforts to enhance these efforts. The provision also authorizes GSA to transfer receipts to other agencies. Please explain what this proposed provision is.

Answer. Executive Order 12873-Federal Acquisition, Recycling and Waste Prevention dated October 20, 1993, requested that GSA develop a legislative proposal providing authority for Executive agencies to retain the proceeds for the sale of material recovered through recycling or waste prevention programs. This General Provision will authorize agencies to retain and use such proceeds for further recycling, waste reduction and prevention and other environmental management programs.

This provision also authorizes GSA to transfer to other agencies the proceeds of recycling efforts performed by GSA at their behest prior to the effective date of this provision.

Question. Will this provision negatively impact GSA's level of effort in the area of recycling?

Answer. No, it will motivate the agencies to increase their efforts so that they will receive the proceeds from the sale.

Question. What is the Government wide policy on recycling and what is GSA's role in establishing that policy.

Answer. The Federal government is committed to recycling all materials where it is mandated by law, in facilities with over 100 employees, and where markets exist. However, the financial incentive for agency recycling programs are not available to all agencies.

PROPOSED CHANGES
GENERAL PROVISION ON CONTRACTING OUT SERVICES

Question. The FY 1995 Budget includes a request to modify Section 505 of the Appropriations Act concerning the contracting out of certain positions in the Federal government, with an exception made for sheltered workshops. Please explain these changes.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

GENERAL PROVISION ON CONTRACTING OUT SERVICES (CONT.)

Answer. The Edgar Amendment prohibits the General Services Administration (GSA) from contracting out any protected positions which were performed by individuals in their capacity as employees of GSA from November 14, 1983. These protected positions are guards, elevator operators, messengers and custodians. The exception to this provision is contracting with a sheltered workshop employing the severely handicapped.

As employee attrition occurs, GSA is able to replace in-house employees with sheltered workshop contracts. However, in numerous locations, sheltered workshops either do not exist or are not prepared to perform the custodial functions. In these cases, GSA has no alternative but to hire new employees. As a result, the desired goals of reducing employment saving money and providing a higher level of service are all postponed.

If the Edgar Amendment were repealed, GSA would compete our in- house cleaning operations against the private sector. We would continue to offer the contracts to sheltered workshops but would also have the flexibility to contract with the private sector when a sheltered workshop was unable or unavailable to perform the cleaning service. GSA would thus be able to continue to provide a commercially equivalent level of building cleaning services to our tenants at lower cost. At the expiration of any resulting contract, the sheltered workshops would always be offered the right of first refusal for succeeding contracts.

We will work with the committee to modify current provisions to protect existing employees while providing greater flexibility to meet workload requirements under reduced staffing constraints.

WORKING CAPITAL FUND

Question. In your statement you address the proposal to expand the Working Capital Fund to include administrative functions. Is this an attempt to centralize administrative functions?

Answer. The transfer of reimbursable funding from the General Management and Administration (GM&A) appropriation to the Working Capital Fund will not result in the centralization of administrative functions beyond the level of centralized administrative support that has been traditionally funded reimbursably through the GM&A account.

Question. How did you develop the reimbursable rates which are charged to the customers - is it based on a measurement of the performance?

Answer. We continue to adhere to the Committee's request to utilize a methodology that allocates costs efficiently, but avoids complicated and unnecessary record keeping, paperwork, and cost accounting expenses. We use a methodology based on a combination of workload measures and FTE levels for each of the paying organizations.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

WORKING CAPITAL FUND (CONT.)

Question. The Budget Justification material indicates that since the administrative functions are currently reimbursable, the move of the functions to the Working Capital Fund will not change the arrangement, simply the location of the function. Please provide a brief explanation of how this fund will work once the administrative functions are included.

Answer. The fund will finance: (1) GSA's internal centralized administrative support services, consisting of financial, personnel, legal and administrative support financed from GSA's benefiting accounts; (2) the external reimbursable administrative support program that provides similar services to other Federal customers; as well as (3) the printing and duplication activities, currently financed by the Working Capital Fund (WCF), that support both internal GSA organizations and other Federal agencies. All income derived from both internal and external customers will be available in its entirety to finance the Fund's continuous cycle of operation without fiscal year limitation. This funding structure is similar to the Working Capital Funds of other major departments that utilize consolidated staff support services. Benefits expected include: (1) a move toward consistency of funding revolving fund type operation throughout GSA; (2) maintaining unobligated balances and retained earnings across fiscal years that will maximize the utilization of income received and (3) permitting GSA to implement a recommendation of the National Performance Review that encourages agencies to establish appropriate funding arrangements.

Question. Even though the change is proposed to take place, the budget justification material indicates that income to the Working Capital Fund will remain approximately the same: $194 million in 1994 and $196 million in 1995. Why doesn't the income level change with the addition of these functions?

Answer. The 1995 budget presents the Working Capital Fund (WCF) on a comparable basis, as if the transfer of programs had taken place at the beginning of 1993, to aid in the comparison of the change between fiscal years. The $38,700,000 printing and duplicating program is the only program financed through the WCF in 1994. The budget estimate for the printing and duplicating program for 1995 is $39,200,000. This amount plus $127,497,000 for the internal administrative support program and $29,431,000 estimated for the external administrative support program make up the $196,128,000 estimated for the WCF in 1995.

OVERHEAD EXPENSES - FEDERAL SUPPLY SERVICE

Question. In his testimony before this Committee on February 22, 1994, the Administrator cited a 23 percent "overhead" for the Federal Supply Service. What does this percentage relate to and how was it calculated?

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

OVERHEAD EXPENSES - FEDERAL SUPPLY SERVICE (CONT.)

Answer. This 23 percent relates to the cost of FTE functions, support costs, and other expenses expended for providing supplies and services to GSA customers. This percentage is the gross margin of the General Supply Fund (sales minus costs of goods and services) expressed as a percentage of sales. For the fiscal year 1995 budget, it is calculated by dividing the gross margin of $668.4 million by total projected sales of $2,806.5 million to derive an "overhead" projection of 23.8 percent.

Question. What is the reason such an overhead would exist?

Answer. To begin with, the "overhead" as expressed herein represents the difference between sales and costs of goods/services for all activities within the General Supply Fund (GSF), including both Supply Operations and Interagency Fleet activities. In this context, the representation of "overhead" must be considered between the two separate activities in order to gain a more precise reading of what overhead actually represents. For example, in activities that involve the provision of goods or commodities, such as Supply Operations, the percent overhead computation is based on pure cost of goods sold. But in activities that represent the provision of services, as with the Interagency Fleet, the percent overhead computation takes on an entirely different meaning because it is based on both the cost of goods sold and the cost of services.

The chart below provides a crosswalk of the gross margin between these two activities:

	Supply Operations	Interagency Fleet	Total GSF
Sales	$2,083.6	$723.0	2,806.6
Cost of Goods/Services	1,756.6	381.6	2,138.2
Gross Margin	327.0	341.4	668.4
Percent	15.7%	47.2%	23.8%

The reason such an overhead exists must also be isolated into the two program activities as well. In the case of Supply Operations, the gross margin covers the following costs. Freight transportation expenses totaling $62.3 million are incurred by the GSF for delivering supplies ordered by customer agencies to their receiving point. Depreciation expenses totaling $3.7 million cover equipment such as forklifts and computers. Claims, fixed asset adjustments, etc., totaling $2.4 million are anticipated. Personnel, including salaries and benefits, who contract for, procure, inventory, and distribute goods to other Federal agencies through the FSS Supply Distribution Facilities, Stock Direct Delivery, and Special Orders programs total $123.3 million. RENT, ADP support, and General Management and Administration (GM&A) associated with

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

OVERHEAD EXPENSES - FEDERAL SUPPLY SERVICE (CONT.)

performing these tasks total $135.3 million, including agencywide GM&A costs funded through the GM&A reimbursable account.

The Interagency Fleet Management System, on the other hand, is a more capital intensive operation associated with the provision of a service, the leasing of vehicles to other Federal agencies. The costs of goods and services associated with Interagency Fleet operations are the book value of vehicles eligible for disposal that are to be sold during the fiscal year, the cost of disposing of these vehicles, vehicle maintenance and repair expenses, petroleum expenses, and leased vehicle payments. Expenses of this program other than the cost of goods and services include annual depreciation expense for the vehicles owned by the Government ($164.2 million), the cost of personnel who operate the fleet management centers and maintenance control facilities across the nation ($49.0 million), and other administrative expenses such as RENT, ADP support, and GM&A including the OE,GSA reimbursable costs, ($20.2 million).

In addition, the gross margin includes a provision in retained earnings for the anticipated inflationary costs associated with vehicle replacement purchases in future years (i.e., replacement cost pricing, or RCP). For fiscal year 1995, the RCP provision is projected at $108.0 million.

Question. What is the appropriation amount associated with this overhead?

Answer. There are no appropriations associated with the overhead stated for the General Supply Fund. All overhead cited for the Fund is paid through reimbursements to the Fund.

SUSPEND AND REVIEW

Question. In his testimony before this Committee on February 22, 1994, the Administrator stated that he had sent letters to Congressmen and Senators, seeking help in identifying savings in Federal building projects. Please provide for the record, copies of these letters.

Answer. Attached are copies of the above mentioned letters.

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable John H. Glenn
United States Senate
Washington, DC 20510-3501

Dear Mr. Chairman:

I need your help. As you know, we have completed the first phase of review of the Youngstown courthouse as part of our Time Out and Review process. Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project. Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction.

Attached is a copy of our instructions to GSA regional staff, who will be in contact immediately with appropriate representatives of the Judiciary. Would you please add your encouragement to ours for a prompt and comprehensive response.

Thank you for your help.

Sincerely,

Roger W. Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable Howard Metzenbaum
United States Senate
Washington, DC 20510

Dear Senator Metzenbaum:

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Roger W. Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable James A. Traficant
House of Representatives
Washington, DC 20515-3517

Dear Mr. Chairman:

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Sincerely,

Roger W. Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable Robert C. Byrd
United States Senate
Washington, DC 20510-4801

Dear Mr Chairman

I need your help As you know, we have completed the first phase of review of the Wheeling courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project. Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction

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Thank you for your help

Sincerely,

Roger W Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable Alan B Mollohan
House of Representatives
Washington, DC 20515-4801

Dear Representative Mollohan

I need your help As you know, we have completed the first phase of review of the Wheeling courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction

Attached is a copy of our instructions to GSA regional staff, who will be in contact immediately with appropriate representatives of the Judiciary Would you please add your encouragement to ours for a prompt and comprehensive response

Thank you for your help

Sincerely,

Roger W Johnson
Administrator

Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable John D. Rockefeller IV
United States Senate
Washington, DC 20510-4802

Dear Senator Rockefeller:

I need your help. As you know, we have completed the first phase of review of the Wheeling courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project. Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction

Attached is a copy of our instructions to GSA regional staff, who will be in contact immediately with appropriate representatives of the Judiciary Would you please add your encouragement to ours for a prompt and comprehensive response.

Thank you for your help

Sincerely,

Roger W. Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable Bill Emerson
House of Representatives
Washington, DC 20515-2508

Dear Representative Emerson.

I need your help As you know, we have completed the first phase of review of the Cape Girardeau courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction.

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Roger W Johnson
Administrator

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Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable John C. Danforth
United States Senate
Washington, DC 20510-2502

Dear Senator Danforth:

I need your help. As you know, we have completed the first phase of review of the Cape Girardeau courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project. Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction.

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Roger W. Johnson
Administrator

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Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable Christopher Bond
United States Senate
Washington, DC 20510-2503

Dear Senator Bond.

I need your help. As you know, we have completed the first phase of review of the Cape Girardeau courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction

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Administrator

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Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable Dennis DeConcini
United States Senate
Washington, DC 20510-0302

Dear Mr. Chairman:

I need your help. As you know, we have completed the first phase of review of the Phoenix courthouse as part of our Time Out and Review process. Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project. Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction.

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Thank you for your help

Sincerely,

Roger W. Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable Jim Kolbe
House of Representatives
Washington, DC 2051-0305

Dear Representative Kolbe

I need your help As you know, we have completed the first phase of review of the Phoenix courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project. Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction

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Sincerely,

Roger W. Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable John McCain
United States Senate
Washington, DC 20510-0303

Dear Senator McCain:

I need your help As you know, we have completed the first phase of review of the Phoenix courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project. Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction.

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Thank you for your help.

Sincerely,

Roger W. Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable Robert Kerrey
United States Senate
Washington, DC 20510-2704

Dear Senator Kerrey:

I need your help. As you know, we have completed the first phase of review of the Omaha courthouse as part of our Time Out and Review process. Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project. Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction.

Attached is a copy of our instructions to GSA regional staff, who will be in contact immediately with appropriate representatives of the Judiciary. Would you please add your encouragement to ours for a prompt and comprehensive response.

Thank you for your help.

Sincerely,

Roger W. Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable James Exon
United States Senate
Washington, DC 20510-2702

Dear Senator Exon

I need your help As you know, we have completed the first phase of review of the Omaha courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction

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Sincerely,

Roger W. Johnson
Administrator

Federal Recycling Program Printed on Recycled Paper

Administrator
General Services Administration
Washington, DC 20405

JAN 11 1994

The Honorable Peter Hoagland
House of Representatives
Washington, DC 20515-2702

Dear Representative Hoagland

I need your help As you know, we have completed the first phase of review of the Omaha courthouse as part of our Time Out and Review process Although we found that there appears to be a need for the facility, we have not yet been able to confirm the scope and/or timing of the project Therefore, we obviously cannot yet proceed with design, let alone confirm a schedule for actual construction

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Thank you for your help

Sincerely,

Roger W Johnson
Administrator

General Services Administration
Public Buildings Service
Washington, DC 20405

JAN 4 1994

MEMORANDUM FOR THOMAS H. WALKER
ASSISTANT REGIONAL ADMINISTRATOR
FOR PUBLIC BUILDINGS SERVICE - 6P

FROM: KENNETH R. KIMBROUGH
COMMISSIONER - P

SUBJECT: "Time-Out and Review" Decision Affecting Proposed Federal Building-Courthouse, Omaha, NE

We have completed the review of the proposed Federal building-courthouse in Omaha, NE, and have recommended that the project should proceed. However, a determination of the appropriate scope and timing for the project as described below must be completed prior to progression to the next logical milestone. Also, we request that you explore the use of additional space within the Edward Zorinsky Federal Building, U.S. Post Office and Courthouse to meet the interim requirements of the courts.

As a prerequisite to proceeding further, please obtain confirmation and appropriate documentation of the most accurate and up-to-date assessment of the 10-year judicial requirement that the proposed facility is to be designed to accommodate. To assist you and to begin to provide a standard analysis, please use the attached matrix formats to establish the current baseline condition and the projected 10- and 30-year requirements.

We request that you and your staff work closely with the Administrative Office of the United States Courts (AOC) to obtain and verify the court needs profile that the matrix formats are intended to assess. To expedite this effort, we are providing a copy of this memorandum and attachments to our AOC contacts here in Washington.

Although the General Services Administration (GSA) received a line-item appropriation of $9,361,940 for site acquisition and additional funding for design for this project in fiscal year 1994, appropriations act language makes this funding unavailable to GSA prior to February 1, 1994, unless explicitly authorized by the House and Senate Public Works Committees and assuming neither committee disapproves the project prior to that date. The impact of this issue on project allowances is addressed in the attached copy of a December 7, 1993, memorandum from the Office of the Controller to the regions.

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Upon receipt of this memorandum, please provide us with an estimated schedule for completion of the requested project scope and timing analysis. Given the need to confirm these parameters, our review has identified no specific savings at this time. Nevertheless, it is our firm expectation that the region will develop the lowest cost alternative to meet courts requirements that have been verified with the AOC as indicated above and that the attached guidance transmitted by my memorandum of December 15, 1993, "Follow-up to the 'Time-Out' Review", will serve as the basis for project development. A summary of our findings and recommendations regarding this project is also attached.

If you have any questions, please contact Mr. William R. Lawson, Assistant Commissioner for Planning, on (202) 501-0638.

Attachments

GENERAL SERVICES ADMINISTRATION
TIME-OUT AND REVIEW

Project: Federal Building-Courthouse, Omaha, NE

Summary: Refine scope to reflect timing of 10 year projections. Try to temporarily accommodate expansion needs through use of space in existing building.

Recommendation:

- Approve to proceed.
- Reassess scope and timing.
- Obtain savings through reduced baseline and value engineering in construction.
- Explore expansion to accommodate interim needs within existing building.
- Monitor authorization of additional judgeships.

Savings: TBD

Support:

- Courts and courts-related uses occupy 57,754 sf of 265,631 sf building.
- Current situation:
  - 7 judges in 6 courtrooms
  - 2 judges eligible for senior status: 1995/2000
- Projection (10-year):
  - 13 judges (7 + 6)

JUDGE ANALYSIS*

(Names or status of appointment)

	Name of Current Judge(s)	Name or Authority for Judge(s) 10 Years	Name or Authority for Judge(s) 30 Years
District:	X	X	X
Visiting:	X	X	X
Senior:	X	X	X
Circuit:	X	X	X
Magistrate:	X	X	X
Bankruptcy:	X	X	X

* For current status provide the names of the current judges or authority for any vacancy. For the 10 and 30 year projections provide either the name of the judge expected to be sitting, the existing authority and anticipated date for filling the appointment, or when it is expected to have the authority for the appointment

[illegible].DOC

JUDGE/COURTROOM ANALYSIS

	Current Courtrooms		10 Years		30 Years	
	Judges	Courtrooms	Judges	Courtrooms	Judges	Courtrooms
District:	X	X	X	X	X	X
Visiting:	X	X	X	X	X	X
Senior:	X	X	X	X	X	X
Circuit:	X	X	X	X	X	X
Magistrate:	X	X	X	X	X	X
Bankruptcy:	X	X	X	X	X	X
Total:	X	X	X	X	X	X

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

MULTIPLE AWARD SCHEDULE

Question. What is the GSA policy on contractor certification of "best price to the Government" on contracts awarded by GSA?

Answer. GSA does not require a contractor's certification of "Best Price to the Government" for contract award. GSA requires Multiple Award Schedule(MAS) offerors to disclose information about their commercial pricing practices. An offeror must disclose the best discount given to each category of customer. The offeror must certify that the information disclosed is current, accurate and complete.

GSA uses vendor submitted information to evaluate prices offered to the Government. GSA's goal is to negotiate discounts equal to the offeror's "most favorite customer" (MFC). GSA may accept less than MFC discounts, when the customer buys under terms and conditions that are not comparable to the MAS. GSA will not, however, award a contract for discounts less than those that the offeror gives to large volume commercial customers, with comparable terms and conditions.

Question. Does this reflect a change in policy? If so, how does it differ?

Answer. This does not reflect a change in policy.

Question. What is the rationale for this change and will it require any change in legislation?

Answer. There is no change in policy.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN VISCLOSKY

USE OF RECYCLED OIL

Question. What is the agency doing to implement across the board procurement of motor oil containing re-refined base oil?

Answer. GSA, through the Interagency Fleet Management System (IFMS), manages 25 - 30% of the Federal fleet. The mission of the IFMS is to provide the most economical and efficient vehicle fleet to agencies, enabling them to better meet their mission requirements. In managing the IFMS vehicles, GSA has initiated multiple environmental programs. These programs include the recycling of vehicle by-products, ranging from license plates and batteries to antifreeze, CFCs, tires, parts washer fluid, and used oil. Recently, the Fleet Management Division has developed a comprehensive environmental guidebook that provides detailed information on the environmental policies of the IFMS.

While GSA provides vehicle management to our customers, we are in turn customers of other agencies or services that exercise commodity management. Oil is one of the commodities that GSA does not manage. The commodity manager for lubes and oils is the Defense General Supply Center (DGSC). They are responsible for developing guidance for the use of the oil, and a schedule of oils available for purchase by the Federal government. Re-refined oil would be one of the products that DGSC would be responsible for managing. Further discussion of the role DGSC plays in the purchasing of re-refined oil appears below, in answer to Question 4.

Currently, it is the IFMS' policy not to purchase re-refined oil. It is our understanding that although EPA has issued a guideline mandating Federal agencies to purchase re-refined oil, the oil must first meet applicable industry performance standards. Based on manufacturers' policies, lack of availability at the retail level, and the absence of uniform standards and quality control in the production process, re-refined oil has failed to meet those performance standards.

Fleet Management has begun gathering information to evaluate how we might be able to introduce re-refined oils and lubricants into our vehicle management program without affecting the motor vehicle warranty conditions and specified emission requirements.
Recently, we have learned that certain brands of re-refined oil have passed the required Society of Automotive Engineers (SAE) standards and have been licensed by the American Petroleum Institute. This being true, use of these products should not void the warranties. We have written Ford, GM, and Chrysler letters asking for clarification on their policy on the use of re-refined oil in their vehicles, and what standards this type of oil must meet in order to satisfy warranty requirements.

The responses from the manufacturers have indicated that the lack of standardization among the re-refined oil products prevents them from endorsing its use. There is no qualification or identification system in place to identify consistently acceptable re-refined oil. Due to the lack of standardization and quality control, the warranty cannot be guaranteed for those vehicles using re-refined oil. All the manufacturers indicated that they are working with the re-refined oil industry to develop tests that would alleviate the above concerns. Until the manufacturers' concerns are resolved, re-refined oil will not be approved for use in IFMS vehicles. Our

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN VISCLOSKY

USE OF RECYCLED OIL (CONT.)

conclusion is that progress cannot be made until the marketplace decides to accept the re-refined oil and lubricant products. We do not have a policy to purchase re-refined oil because there is no product available commercially for us to purchase.

Question. Is there a specific price preference that agencies must follow?

Answer. Since GSA is not the commodity manager for re-refined oils, we cannot speak as to whether there is a price preference that agencies must follow. The IFMS does have a preference in that we are under constant pressure to offer economical, quality service to our customers. A product must have proven quality standards, and be competitively priced before we will provide it to our customers.

Question. Are all GSA's owned or leased vehicles covered by the re-refined base oil policy?

Answer. All IFMS vehicles under warranty are covered by Fleet Management's re-refined base oil policy.

Question. Will the same preference be adopted where agency vehicles are serviced by independent firms?

Answer. For whatever reasons, re-refined oil that meets OEM specifications is generally not available at retail facilities which we use for service work. The Interagency Fleet Management System utilizes commercial vendors for maintenance and repairs. At this point in time, the commercial vendors do not utilize re-refined oils. The vendors feel that they cannot warranty their work if they use re-refined oil, because there is not a great deal of standardization in the brands of re-refined oil, causing quality standards to be questionable. We have written all of the major oil companies requesting information on why they do not utilize re-refined oil and asking them to share any information they have available on the performance of the product.

Additionally, it is important to note that the Defense General Supply Center (DGSC) is the commodity manager for re-refined oils. DGSC has indicated that if the Government uses a lube oil which contains re-refined oils and is listed on a Qualified Product List (QPL), then the supplier must be certified. There are only two certified suppliers of re-refined lube oil stocks (Evergreen and Breslube). While it is exciting to see progress being made in the acceptance of re-refined oil, having the re-refined oil available on a QPL does not aid the IFMS in purchasing re-refined oil, as we do not operate our own maintenance shops. We are aware that Breslube has its re-refined oil available through the chain of Wal-Mart stores. However, since the IFMS does not operate its own maintenance shops, this proves ineffective for our vehicles to use. In order for IFMS vehicles to utilize re-refined oil, it must be available through commercial service stations.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN VISCLOSKY

USE OF RECYCLED OIL (CONT.)

DGSC also preferentially purchases against Commercial Item Descriptions (CIDs). These CIDs do not have any restriction on the use of re-refined oils and do not have QPLs, however, any manufacturer offering products against a CID must also be able to make them available commercially. DGSC has not had a tremendous amount of success with this program, as most suppliers do not have the capability to supply their product commercially.

Question. If GSA's vehicles are taken to commercial "quick lubes" for oil changes, are those businesses required to stock re-refined oil for use in agency cars?

Answer. At this time, they are not. Please see the above response. GSA has contracts with a very limited number of individual commercial firms. For repairs amounting to less than $50 (such as an oil change), client agencies may take their vehicles to the repair shop of their choice. Vehicles are taken to service stations and lube shops based on whether those operations accept the Government credit card. There is no contract involved under which GSA could mandate these operations to provide re-refined oil. If GSA were to attempt to force requirements on our vendors (most of which are small businesses), we would most likely be forced to pay a premium, which would result in higher costs to our customers and the taxpayers.

Question. How is the Presidential Order on recycled oil being implemented, and what is the time schedule for a complete switch over to re-refined oil?

Answer. The Federal Register of June 30, 1988, provides a guideline for the Federal procurement of lubricating oils containing re-refined oils. This guideline implements section 6002 of the Resource Conservation and Recovery Act (RCRA). Any procuring agency using appropriated Federal funds to procure that item must purchase such items containing the highest percentage of recovered materials practicable. Executive Order 12873, Federal Acquisition, Recycling, and Waste Prevention, reiterates the guideline established by EPA.

The guideline specifies that the oil must meet applicable performance standards, and the MIL-SPEC requirements, before it will be included on the Qualified Products List. We must procure items composed of the highest percentage of recovered materials practicable, considering competition, availability, technical performance, and cost.

The Fleet Management Division has not purchased and used re-refined oil, because it has not met the standards listed in the EPA guideline. If the re-refined oil (1) meets required specifications, (2) can be used without voiding the manufacturers' warranties, and (3) is readily available in the commercial marketplace at a competitive price, then it will be purchased. We have taken steps to obtain accurate information from the vehicle manufacturers and the oil companies to determine whether this has taken place. We are continuing to actively monitor the progress of re-refined oil

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN VISCLOSKY

USE OF RECYCLED OIL (CONT.)

in the marketplace, and continue to seek information regarding its availability, quality, and OEM acceptance.

Question. Are other applications included, such as gear oils, grease, transmission fluids, etc.?

Answer. Not at this time.

Question. Does the policy encourage the use of available oil with the maximum re-refined base oil content, or is there some standard content which is specified?

Answer. As the commodity manager for oils and lubes, DGSC would be the office that would specify the standard content. GSA does not have laboratories or technical staff to conduct the analysis necessary to specify the re-refined base oil content.

Question. Since the government is committed to switching to re-refined oil, it would seem a logical corollary that the government would begin to specify that new vehicles purchased or leased should not exclude the use of re-refined oil from their warranties, provided that the re-refined oil meets the relevant performance tests. Otherwise, some vehicle manufacturers may seek to maintain their own share of the lube oil market by needlessly restricting the use of re-refined oil in their vehicles. Will the agency take this step?

Answer. The Automotive Commodity Center will amend the applicable Federal Standards in the next revision process to include reference to the use of re-refined oil in the same way as provision already exists for the use of recovered materials.

Motor vehicle manufacturers specify the quality of motor oil for warranty protection through the use of performance specifications versus design specifications; therefore, re-refined oil is not excluded as long as it meets the performance specifications.

Question. The agency can make a greater contribution to the environment by participating more fully in recycling. To do this, the agency should not only purchase re-refined oil, but specify that generated waste oil should go to a destination that can re-refine it. Will the agency be working on any programs to promote this type of closed-loop recycling, perhaps by bundling the contracts for purchase of new oil with the contracts for disposal of waste oil?

Answer. To our knowledge, there are many uses for used oil--including as heating oil, and components of the asphalt and other industries. We believe that as long as the demand for used oil exceeds the supply, then any end use which is consistent with environmentally sound disposal practices is acceptable. It is our belief that GSA is not the best source to establish industries in

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN VISCLOSKY

USE OF RECYCLED OIL (CONT.)

support of Government programs. Our mission is to provide a working fleet to our customers by the most economical and efficient means possible, and to support legislated programs like this when either funded externally or economically possible internally.

As explained in our answer to Question 6, the use of re-refined oil poses a problem for our operation, as it does not meet the applicable performance standards. Once re-refined oil meets required specifications, can be used without voiding the manufacturers' warranties, and is available commercially at a competitive price, it will be purchased and used by our operation.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

OPERATING ACCOUNT

Question. In GSA's budget justification, it indicates the Federal Supply Service, the Information Resources Management Service and the Federal Property Resources Service and certain General Management and Administration functions will be merged into the "Operating Account". I would appreciate you providing the Committee with a summary of what impact, if any, this merger will have upon the level of employment of each of these activities, and any change in organizational structure.

Answer. GSA proposes to consolidate the four individual salaries and expenses and operating expense appropriations accounts into a single appropriation for the agency. The goal of this consolidation is to reduce and simplify account structures and streamline our internal administrative processes, in keeping with the goals of the National Performance Review (NPR). There will be no actual changes in organization structure or levels of employment for these activities because of the consolidation.

PERSONAL PROPERTY SCREENING

Question. Another proposal in your budget justification which, according to the book, has already been implemented is the automation of personal property screening. Did this require procurement of additional computer equipment and what was the cost of this procurement? Can you demonstrate dollar saving associated with this move?

Answer. The computer equipment for the Multi-User File For Interagency News (MUFFIN), which includes a personal property bulletin board, was already available to the Federal Supply Service. Therefore, no additional funds were expended on a hardware procurement. Design and programming of the software was developed in-house by on-board resources.

The benefits of this electronic bulletin board are very hard to measure in dollars and cents. The reason it was initially developed was customer focused. It is an example of what we are doing to make it easier for our customer to do business with us.

TENDER SYSTEM

Question. You also propose, according to the justification, to "Increase choices for Federal travelers, and to pilot test a tender system for airfare rates." Have you published notice of proposed rulemaking changes in the Federal Register for public comment?

Answer. All civilian agency employees, and Department of Defense (DoD) employees when traveling within the continental United States, are required to use the contract carrier. Such use is mandated by the contract, by the Federal Travel Regulation, and by DoD traffic management regulations. The contract and the travel regulations specify exceptions to the mandatory use requirement. The tender system would consist of noncontractual arrangements which would be nonmandatory.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

ATA AND AIRLINES

Question. What is a tender system and exactly how would the proposed tender system for airfare rates work?

Answer. The term "tender system" is borrowed from the trucking industry and is used loosely with respect to air fares to refer to noncontractual arrangements whereby airlines would submit discount percentages to be applied to published coach rates. The discount percentages would be valid for a stated period of time.

Question. Your budget indicates that this is a new direction you are pursuing as a result of the National Performance Review findings. The NPR soundly criticizes the government contract fare program. How will your "tender system" differ from that program and respond to the NPR criticisms?

Answer. The methodology for evaluating carrier offers for 1994 contracts emphasized quality of service over price. Award was made to other than the low-priced carrier when that carrier's service outweighed the price differential from the lower-priced offerors. The evaluation criteria reflected a preference for nonstop service, the availability of flights throughout the day, less circuitous flights, and flights with shorter elapsed trip times.

Over 3,700 city-pair contracts were awarded for 1994 at prices averaging over 50 percent less than unrestricted coach fares. Contracts are awarded using consistent decision rules, but it is impossible to satisfy every user with every award. The price/quality tradeoff varies from traveler to traveler and from agency to agency depending upon budget constraints and mission requirements.

The tender system would allow any airline providing service in a market where GSA has not awarded a contract to submit a rate for official Government travel. Federal travelers could choose among airlines based on the price and service which best met their particular requirements, subject to any further guidance from their agencies.

Question. How would the proposed tender system differ from the present contract fare system?

Answer. All civilian agency employees, and Department of Defense (DoD) employees when traveling within the continental United States, are required to use the contract carrier. Such use is mandated by the contract, by the Federal Travel Regulation, and by DoD traffic management regulations. The contract and the travel regulations specify exceptions to the mandatory use requirement.

The tender system would consist of noncontractual arrangements which would be nonmandatory.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

ATA AND AIRLINES (CONT.)

Question. What problems in the present contract fare system is the proposed tender system designed to correct, and how have these problems been documented?

Answer. The contract fare system, while resulting in substantial overall cost savings to the Government, constrains the choices of individual travelers and agencies (notwithstanding GSA's program goal to have the traveler want to use a quality service). The negotiated procurement process requires the systematic application of consistent evaluation criteria. There is no set of evaluation criteria which can satisfy conflicting user requirements for low-price, high-quality service.

Comments from Federal agencies regarding particular contract awards, meetings of task forces convened to review the evaluation criteria for air/rail city-pair awards, and the deliberations of Source Selection Boards document these conflicting requirements. An award in a given city pair based on low price may satisfy users whose primary consideration is price while failing to meet the requirements of users whose primary consideration is quality of service.

The tender system would afford Federal travelers and agencies the opportunity to choose among various price and service options within a market while providing the potential for increased price competition and reduced fares for Federal travelers. On the other hand, overall cost to the Government may increase because we are no longer concentrating the Government's buying power in each market.

Question. Do you have or need statutory authority for developing and testing the proposed tender system?

Answer. We currently are determining whether GSA has the statutory authority to develop and test the proposed system.

Question. Will GSA issue implementing regulations for the test and, if so, will it be done through notice and comment rulemaking? When?

Answer. GSA plans to actively solicit comments from the airline industry and Federal agencies prior to implementing the test, beginning with a preproposal conference for fiscal year 1995 city-pair contracts to be held in either March or April. Appropriate changes to the Federal Travel Regulation providing for use of the tender system will be published in the Federal Register. There will be no formal rulemaking proceeding per se.

Question. What is the economic basis for the tender system and how was it (will it be) developed?

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

ATA AND AIRLINES (CONT.)

Answer. The system potentially could increase competition and reduce airline fares by allowing airlines to compete to offer the best discount percentage. The system would give agencies greater flexibility in managing their travel requirements, thereby promoting more efficient use of agency resources

Question. When will the test begin? When will the test end? How many airlines will be involved? How many markets will be involved?

Answer. The test will run through the fiscal year 1995 air/rail contract period. The numbers of markets and airlines to be involved have not been determined.

Question. How will the test be evaluated? By what objective criteria or standards will the test be measured?

Answer. The objective criteria for evaluating the test have not been defined at this time.

Question. What does GSA expect to learn from the test?

Answer. GSA expects to gain experience with the logistics of establishing noncontractual arrangements for air/rail passenger service and to learn whether workable agreements can be devised which result in an overall improvement in customer satisfaction with the price and quality of air/rail services for Federal passenger travel.

Question. What will be the personnel and benefit costs of the tender system? If the tender system is expanded and made permanent, what are the anticipated expenses and what are the anticipated savings?

Answer. GSA will conduct the test of the "tender system" within the constraints of existing resources. The anticipated expenses/savings from expanding the system and making it permanent will be projected based on the results of the test.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

PREPAYMENT AUDITS

Question. We understand GSA is about to propose legislation establishing prepayment audits. This could be very expensive. The following questions seek to elicit more information and direction. Is GSA considering imposing a prepayment audit requirement before paying government transportation costs? Why? Is the perceived problem with fraud abuse by government employees?

Answer. Since the 1940's Federal agencies have been required to pay transportation bills on presentation and prior to audit. This policy has resulted in agencies overpaying carriers and GSA having to collect millions of dollars in excess charges each year. For example, during fiscal year 1993, of the more than 8 million domestic transportation bills postpayment audited by GSA and its contract auditors, 83,719 invoices were found to contain about $19 million in overcharges.

To prevent the money associated with excess charges from leaving Government control, Congress enacted legislation (P.L. 99-627, dated November 7, 1986) which allows bills to be prepayment audited, changing the Government's long-standing practice of paying bills on presentation and auditing them thereafter. This legislation also authorized GSA to delegate prepayment audit authority to other agencies if the delegation is cost effective or otherwise in the public interest.

Since enactment of P.L. 99-627, GSA has been aggressively marketing this program to other agencies. Presently, the Departments of Defense, Interior, Justice, Transportation, U.S. Postal Service, Nuclear Regulatory Commission, and GSA are prepayment auditing a portion of their transportation bills. During FY 1993, 1.9 million or about 25 percent of the Government's transportation bills were prepayment audited by GSA contractors who identified $9.2 million in overcharges.

While GSA is continuing to market the program to other agencies to increase the government's percentage of prepayment audits, some activities remain reticent to participate. It is in this light that GSA has proposed legislation which will require executive agencies to verify transportation charges, through prepayment audits or other means, prior to payment.

The Prepayment Audit Program does not monitor Government employees. It enables agencies to detect and deduct carrier excess charges prior to payment so that they may retain the dollars saved for their appropriate uses.

Question. GSA recently lost, at each court level to review the practice, litigation about whether GSA could make airlines, rather than government employees, responsible for seeking low fares. Is this initiative another attempt to push the government's costs and oversight/supervisory responsibilities off on private industry? The last program found GSA's practices had improperly withheld and had to refund over $80 million to air carriers.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

PREPAYMENT AUDITS (CONT.)

Answer. The issues in the Alaska Airlines, et al., v. United court case involved (1) whether the Government is entitled to the lowest fare when the Government traveler meets all conditions, and (2) whether the carrier or the Government has the burden of demonstrating whether the lowest cost seat was or was not available. In brief, GSA's position asserted that when an airline was offering the same seat on the same flight at two different coach fares, with no restrictions other than seat availability at time of ticket purchase for entitlement to the lower fare, the airline had a common law duty to charge the lower fare, unless it could affirmatively state that seats were not available.

GSA believed that its position before the courts was consistent with legal precedent established by the U.S. Supreme Court in United States v. New York, New Haven & Hartford R.R. Co. 355 U.S. 253 (1957), which found it the duty of the carrier to prove the correctness of its charges, particularly when fairness required that the burden be borne by the party possessing knowledge of specific facts. In this regard, GSA believed that only the carriers possessed seat availability knowledge; and consequently, only they possessed the determining facts. This was not an attempt "to push the Government's costs and oversight/supervisory responsibilities off on private industry."

However, the District Court ruled in favor of the airlines and found that the Government bears the burden of proving seat availability as a prerequisite to demanding a seat dependent lower fare. The Court of Appeals for the Federal Circuit upheld the District Court's ruling on this issue.

Question. Will this make transportation companies more or less interested in serving government employees

Answer. GSA has been contracting with commercial firms for prepayment audit services since 1989. We have not received any indication that these audits change any transportation company's willingness to do business with the Government.

Question. Do you continue to support and expand the government's widespread use of credit cards (first Diners, now AMEX)?

Answer. Yes. Through the efforts of both our program and contract staff, as well as AMEX representatives, efforts are on-going to educate Government agencies on the benefits of participating in this program. Financial management incentives and streamlining of Government travel procedures are just two of many reasons the Government supports this program.

Question. How can a prepayment audit be required with that program where the credit card guarantees the payment? Prepayment audits will force carriers to extend credit to the government. On what basis can you require that?

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

PREPAYMENT AUDITS (CONT.)

Answer. Unfortunately, prepayment audits may not be appropriate in every instance, and if GSA's legislation is enacted, certain exceptions will have to be provided in implementing Federal regulations. At this time, prepayment audits are impractical on air passenger tickets purchased with Government credit cards because the carrier has received payment from the card issuer before transaction information suitable for audit is available.

The current contract with AMEX does not provide for any mechanism to delay payment to the carriers while an audit is conducted. When a ticket for travel is charged either to an individually billed account or to a centrally billed account, the carrier submits the charge to AMEX for payment. Timeframes for payment to the carrier by AMEX are based on AMEX' agreement with the carrier and are generally within 48 hours. AMEX subsequently invoices either the traveler or the Government for the amount of the ticket.

Indebtedness for charges under the contract is to AMEX and not the carrier. To withhold payment until an audit of the ticket is conducted would not delay payment to the carrier but rather to AMEX. The Prompt Pay Act as well as contract terms define when payment will be made to AMEX for charges under the contract. Delaying payment to AMEX would be a violation of those terms and could also result in the Government incurring prompt payment interest penalties for centrally billed account charges. To delay payment on charges to individually billed accounts would require the establishment of a mechanism to notify employees of the requirement to withhold payment and notification as to when payment was authorized and in what amount.

Question. Do you think this program will make transportation companies more or less interested in serving government employees?

Answer. See response to Question 3 above.

GSA TRANSITION ACCOUNT

Question. Would you provide for the Record an update of the status of repayments to the GSA Transition account of those duplicate payments received by White House staff. At last check, some of these repayments were still outstanding.

Answer. As of March 14, 1994, 23 individuals have repaid the overpayment in full, 1 person is making payments with the last one due the end of March and 1 person has indicated payment by the end of March. The remaining balance due to the GSA Transition account for these two people is $504.39

General Services Administration
FY 1995 BUDGET SUMMARY AND HIGHLIGHTS

BACKGROUND

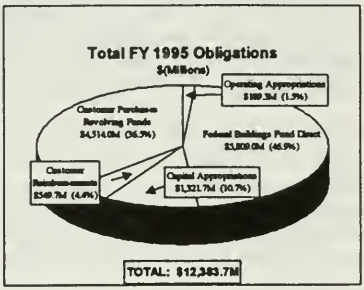
The General Services Administration (GSA) was established by section 101 of the Federal Property and Administrative Services Act of 1949. It is organized into 4 Services responsible for separate Agency missions, and into a number of Staff Offices that perform overall program management, administration, and certain Government-wide regulatory and support functions. Operations are conducted through 11 geographic regions.

This summary pertains to GSA activities and programs financed under the Treasury, Postal Service, and General Government Appropriations Act. This excludes one GSA component, the Consumer Information Center, which is funded under the Department of Veterans Affairs and HUD/Independent Agencies Appropriations Act.

1995 PROGRAM PERSPECTIVE

Using obligations as an indicator, GSA's fiscal year 1995 budget program will total almost $12.4 billion to provide space, goods, and services to the Agency's Federal customers. This figure actually "double counts" several hundred million dollars that GSA accounts pay to each other, but it offers a perspective on the volume of GSA transactions. Programs are financed by income from customers, receipts and revenues available under permanent authority, and new appropriations enacted by the Congress. As shown in the graph in the next column:

Appropriations: Operating appropriations of $189.3 million represent only 1.5 percent of the total program. Of this, $19.5 million will become available under permanent authorities, and Congress is requested to enact $169.8 million in new discretionary appropriations.



Direct Federal Buildings Fund: Obligations of $5.9 billion, or about 47 percent of the total program, support the full range of real property functions. Fund income is basically from rent payments from agencies for occupied space under GSA control. Congressional action is required to annually enact new obligational authority (NOA) to permit use of the Fund's revenues. Amounts shown are from NOA and available balances of prior authority.

Capital appropriations: Beginning in FY 1995, GSA is requesting direct appropriations for the construction and acquisition of new facilities, rather than financing these costs from rent revenues (rent rates have been adjusted accordingly). A total appropriation of $1,478.7 million is being requested, of which the $1.3 billion shown would be obligated in FY 1995.

Customer financing: Almost 41 percent of the FY 1995 budget program will be financed by customers through direct reimbursement for services or through purchase of goods and services under GSA's revolving funds.

General Services Administration
FY 1995 BUDGET SUMMARY AND HIGHLIGHTS

SUMMARY OF THE REQUEST

The table below summarizes GSA's FY 1995 budget request. Proposed new discretionary appropriations are $1,648,514,000, of which $169,824,000 is for ongoing operating appropriations, and $1,478,690,000 for capital appropriations for the construction and acquisition of real property facilities. An additional $19,517,000 in budget authority will be realized under permanent authorities (scored as mandatory spending).

APPROPRIATIONS SUMMARY AND COMPARISON
$(Thousands)

	FY 1993 Enacted	FY 1994 Enacted	FY 1995 Request	FY 95/94 Change
Operating Expenses, GSA	150,496	136,286	133,825	- 2,461
Office of Inspector General	34,748	34,925	33,259	- 1,666
Allowances and Office Staff for Former Presidents	2,386	2,833	2,740	- 93
Expenses, Presidential Transition	5,000	--	--	--
Subtotal, Operating Appropriations	192,630	174,044	169,824	- 4,220
Construction and Acquisition	--	--	1,478,690	+ 1,478,690
Federal Buildings Fund:				
Capital Appropriations	324,601	288,486	--	- 288,486
New Oblig. Authority (non-add)	[4,877,510]	[5,283,250]	[4,487,070]	[-796,180]
SUBTOTAL, NEW APPNS	**517,231**	**462,530**	**1,648,514**	**+ 1,185,984**
Permanent Budget Authority:				
Expenses, Disposal	2,379	2,617	2,617	--
Transportation Audit Contracts	10,061	17,861	16,900	- 961
TOTAL APPROPRIATIONS	**$ 529,671**	**$ 483,008**	**$ 1,668,031**	**$+1,185,023**
EMPLOYMENT (FTE)	20,639	20,104	19,667	- 437
(FY 1993 Actual FTE)	(20,228)			

NOTE: All data exclude the Consumer Information Center, financed under the VA/HUD Appropriations Act.

General Services Administration
FY 1995 BUDGET SUMMARY AND HIGHLIGHTS

HIGHLIGHTS OF THE REQUEST

While detailed justifications for each of GSA's accounts are in the following pages, this section offers a digest of major changes and highlights.

In total, requested FY 1995 discretionary appropriations are almost $1.2 billion above levels enacted for FY 1994. This, however, is entirely related to a $1.5 billion new appropriation being requested for the construction and acquisition of facilities.

New Construction Appropriation. The requested $1,478.7 million appropriation would provide for the costs of new construction of Federal facilities (about $480 million), as well as the acquisition of housing for agency tenants with expiring leases when conversion to Federal ownership is in the best interests of the Government ($999 million). Since these capital acquisition costs would no longer be financed from resources available in the Federal Buildings Fund (FBF), the budget proposal also assumes lowering rent rates for our Federal customers.

Operating Appropriations. Ongoing operating appropriations decline by $4.2 million, roughly 2.4 percent, compared to FY 1994 enacted amounts. This change reflects decreased employment and reductions in almost all administrative cost areas. The further pressures of accommodating anticipated pay increases will challenge GSA components to develop innovations and improvements in the ways that their missions are accomplished.

Employment. The budget proposes the full-time equivalent (FTE) of 19,667 positions for FY 1995. Consistent with the Administration's goal of reducing overall Federal employment, this is 437 FTE below FY 1994 approved levels, and a cumulative 972 FTE, over 4.7 percent, below levels originally authorized for FY 1993.

Account Consolidation. The budget proposes consolidating in FY 1995 four of GSA's operating appropriations into a single "Operating Expenses, GSA" appropriation. The new account would support appropriated functions of the Federal Supply Service, Information Resources Management Service, Federal Property Resources Service, and certain general management and administration functions. Consistent with National Performance Review themes, this is intended to provide added flexibility in managing these activities in a climate of diminishing resources and new challenges.

Although not technically a consolidation, the budget also proposes incorporating general management and administration centralized internal and external reimbursable administrative support functions under the Working Capital Fund. They were previously reimbursable activities under the General Management and Administration account. The proposal will provide GSA with greater ability to respond to customer needs.

General Services Administration
FY 1995 BUDGET SUMMARY AND HIGHLIGHTS

GSA GENERAL PROVISIONS

Certain GSA general provisions contained in the FY 1994 Appropriations Act are proposed for deletion in FY 1995. The reasons are noted in the table below (section numbers are from the FY 1994 Act)

GSA General Provisions Proposed for Deletion	
Sec. 5	Permitted GSA to transfer and use for specified purposes unobligated balances under operating expenses and salary and expenses appropriations; the authority is permanent, and does not need to be repeated.
Sec. 6	Limited certain entitlements for Former Presidents to five years; the limitation is incorporated into permanent law, and does not need to be repeated.
Sec. 7	Authorized the Administrator of General Services to retain from the proceeds of sales of personal property amounts needed to finance under the General Supply Fund the direct and indirect costs of conducting such sales; the authority is permanent, and does not need to be repeated.
Sec. 8	Authorized the Administrator of General Services to acquire certain land in the City of Tucson, AZ; this one-time authorization need not be repeated.
Sec. 9	Limited the use of funds for the sale, excessing, surplusing, or disposal of lands in the vicinity of Norfolk Lake, AR; the provision impedes GSA from carrying out its real property disposal responsibilities under the Federal Property and Administrative Services Act.
Sec. 10	Limited the use of funds for the sale, excessing, surplusing, or disposal of lands in the vicinity of Bull Shoals Lake, AR; the provision impedes GSA from carrying out its real property disposal responsibilities under the Federal Property and Administrative Services Act.

GSA ORGANIZATION AND ACCOUNT STRUCTURE

As background, the following shows the organizational components responsible for accomplishing GSA's varied missions, and the methods by which their programs are financed.

COMPONENT	MISSION AND ACCOUNT STRUCTURE
PUBLIC BUILDINGS SERVICE (PBS)	Provides construction, acquisition by purchase, and repairs/alterations of public buildings, related design and construction services, leasing of space, operation and maintenance of facilities, and overall management of the real property program. Operations are conducted on a landlord-tenant relationship. In the past, all activities were supported from the Federal Buildings Fund (FBF), a revolving fund basically financed by revenues from rent payments from agencies that occupy GSA controlled space. Congress annually enacts new obligational authority (limitations on the use of revenues). The FY 1995 budget proposes that construction and acquisition of facilities be funded by direct appropriation, with repairs and alterations and operating programs financed under the FBF. Customers also provide direct reimbursement for services above standard levels

GSA ORGANIZATION AND ACCOUNT STRUCTURE (Continued)

COMPONENT	MISSION AND ACCOUNT STRUCTURE
FEDERAL SUPPLY SERVICE (FSS)	Provides for the procurement, management, and worldwide distribution of supplies and personal property, the direction and coordination of Government-wide transportation and travel management programs, and related services. Property management, schedules contracting, and policy functions are funded by the direct appropriation, Operating Expenses, GSA (proposed in FY 1995); some services are also provided on a direct reimbursable basis. Operations of the supply distribution and interagency motor vehicle fleet management system, and the personal property disposal program are financed under the General Supply Fund, a revolving fund. The auditing of transportation billings and related expenses are financed from overcharges collected from vendors under a permanent appropriation.
INFORMATION RESOURCES MANAGEMENT SERVICE (IRMS)	Coordinates and directs comprehensive Government-wide programs for the management, procurement, and utilization of ADP, telecommunications, and other information technology equipment and services. The Operating Expenses, GSA appropriation (proposed) finances overall program management, direction, and oversight of Government-wide programs, and administrative expenses. Telecommunications and automatic data processing operations are financed under the Information Technology Fund, a revolving fund. Selected ADP and other information technology services are also provided on a direct reimbursable basis.
OFFICE OF FTS2000	Established in October, 1991 with an Associate Administrator reporting directly to the Administrator, the Office is responsible for all matters pertaining to the FTS2000 program. It provides policy development and implementation, program execution, operations, and oversight of the Federal Government's long distance telecommunications program. It is a single point of contact for the public and private sectors on all FTS2000 activities; chairs the FTS2000 Interagency Management Council overseeing program conduct and related procurements; and approves all FTS2000 policy or regulatory proposals. The program is financed under the Information Technology Fund.
FEDERAL PROPERTY RESOURCES SERVICE (FPRS)	Provides for the effective utilization and disposal of excess and surplus real property. Basic operating and administrative costs are funded by the Operating Expenses, GSA appropriation (proposed). Certain contract costs associated with real property sales, such as appraiser, auctioneer, and broker fees, are financed from sales proceeds under permanent authority. A real property relocation appropriation has also provided for relocating agencies from underutilized sites to permit sale of the valuable properties.
STAFF OFFICES	The Office of the Administrator and staff offices providing overall direction, management, and administration of GSA programs and certain Government-wide policy and regulatory functions are supported under the Operating Expenses, GSA appropriation (proposed). Centralized support services provided by other staff offices are provided on a reimbursable basis under the Working Capital Fund (proposed). The Working Capital Fund also finances fast-turnaround printing, duplicating , and distribution services for GSA and other Federal customers. The Office of Inspector General is supported by a separate direct appropriation.

General Services Administration
FEDERAL SUPPLY SERVICE

BACKGROUND

The Federal Supply Service (FSS) is chartered with the responsibility of providing quality goods and services required by Federal departments and agencies to assure that their needs are effectively and efficiently met, at the least possible cost to the taxpayer. The FSS Mission is financed through several accounts and sources. Specifically:

- The General Supply Fund (GSF) is used to recover the full cost of all management, operation, and overhead expenses of the FSS fleet and supply operations activities through the prices and rates charged for goods and services provided to other agencies. Beginning in fiscal year 1994, the Personal Property Sales Program which was previously funded through the Operating Expenses appropriation was transferred to the General Supply Fund.

- Operating Expenses, GSA, a direct annual appropriation, provides for property management, transportation services, schedules contracting, regulatory, and policy activities.

- The Operating Expenses, GSA, reimbursable account provides logistics services to other Government agencies via reimbursable supply support agreements.

- Transportation Audit Contracts and Contract Administration activities are financed from overcharges collected from carriers through a permanent, indefinite appropriation. Beginning in fiscal year 1994, all expenses of the Transportation Audit Program are financed from overcharges collected.

THE FY 1995 BUDGET IN BRIEF

In general, the FY 1995 budget provides for a system, via regulation and operating programs, that supports Federal agencies' requirements for supply and procurement services, property management, travel and transportation services, fleet management, and transportation audit services.

NEW DIRECTIONS

In accordance with the National Performance Review, the following objectives represent our commitment to improve the way we do business:

(1) Eliminate mandatory sources of supply except when standardization required for legitimate government needs.

Status: Federal Property Management Regulation (FPMR) change underway for stock items. For schedules conversion, an acquisition letter with implementing procedures and appropriate clauses has been drafted.

General Services Administration
FEDERAL SUPPLY SERVICE

(2) Increase use of automation in depots for ordering and billing.
Status: Implementation of mandatory electronic data interchange (EDI) or EDI to facsimile (FAX) began October 1, 1993. Over 1,200 vendors have expressed interest in EDI to FAX. Hardware has been received and will be installed in January with vendors receiving EDI to FAX orders shortly thereafter.

(3) Revise FPMR to reflect permanent regulation for vehicle replacement standards of three years or 60,000 miles.
Status: FPMR amendment was signed by the GSA Administrator on November 9, 1993, and submitted to OMB.

(4) Revise FPMR to allow agencies to dispose of their excess personal property and allow for concurrent screening by federal agencies and state and local governments, maintaining first priority to federal agencies.
Status: FPMR allowing agencies to conduct their own sales of property was drafted with a release of final FPMR on target for April, 1994. Existing FPMR provides for concurrent screening of property. Action will be taken to eliminate confusion in this area.

(5) Automate the personal property screening.
Status: Completed - Marketing to a broader base of users is being actively pursued.

(6) Increase choices for Federal travelers.
Status: Completed - Criteria have been modified for awarding contracts to emphasize service over price. This modification was reflected in the new contracts effective January, 1994.

(7) Pilot test a tender system for airfare rates.
Status: In the next contract cycle, beginning in October, 1994, a sample of city pair markets will be included to test a tender system.

(8) Provide energy efficiency information in DLA and GSA catalogs and automated systems.
Status: Special publication for recycled products to be published by end of January and then made available on MUFFIN, FSS's automated information and ordering system.

(9) Accelerate delegations to agencies, prior to passage of legislation to eliminate post-payment audits, to conduct preaward audits.
Status: Benefits of using pre-payment audits has been publicized to all agencies. 11 requests for delegations have been received and approved with a two week turn around. Legislation was distributed to agencies for comments and the proposed legislation is being redrafted as necessary to address those comments.

General Services Administration
FEDERAL SUPPLY SERVICE

EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT ADMINISTRATION
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Audit Contracts	3,500	3,600	3,600	0
Contract Administration	6,102	14,261	13,300	-961
Total	**9,602**	**17,861**	**16,900**	**-961**
Net Outlays	**9,307**	**17,861**	**16,900**	**-961**
Employment (FTE)	**44**	**122**	**121**	**-1**

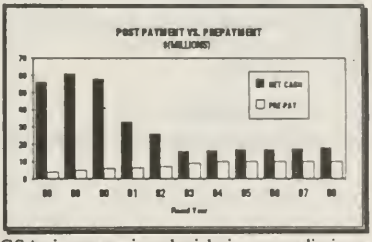
EXPLANATION OF ESTIMATES

Beginning in fiscal year 1994, Transportation Audits is fully funded from the overcharges collected from carriers. Fiscal year 1995 reflects the effects of a uniform 12 percent employment reduction to be achieved over the period fiscal years 1994 through 1999. Payraises, including locality pay, have been absorbed within the account.

PERFORMANCE MEASURE

Following is a graph which displays the identification and recovery of transportation overcharges applicable to Government transportation billing documents.

Collections have declined since fiscal year 1990 due to suspension of airline collections. The further decline beginning in fiscal year 1993 is due to DOD cutbacks and the expansion of the prepayment audit program. It is envisioned that more agencies will be participating in the prepayment audit program and, thus, greater emphasis is being placed upon cost avoidance rather than cost recovery.



GSA is preparing legislation to eliminate postpayment of transportation charges By amending the Property Act, agencies would be required to perform a verification of transportation charges prior to payment, similar to that performed for all other goods and services procured by the Government

General Services Administration
FEDERAL SUPPLY SERVICE

EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT ADMINISTRATION
Obligations by Object Class
$(Thousands)

		FY 1993 Actual	FY 1994 Current	FY 1995 Request
	Personnel Compensation:			
11.1	Full-time permanent	1,432	5,186	5,290
11.3	Other than permanent	22	80	82
11.5	Other personnel compensation	38	138	141
11.9	Total personnel compensation	1,492	5,404	5,513
12.1	Civilian personnel benefits	282	940	959
13.0	Benefits for former personnel	3	------	------
21.0	Travel and transportation of persons	8	60	60
22.0	Transportation of things	3	5	5
23.1	Rental payments to GSA	------	884	914
23.3	Communications, utilities, and misc charges	85	110	110
24.0	Printing and reproduction	6	27	27
25.2	Other services	4,857	6,584	5,849
25.3	Purchases from Government accounts	2,637	3,575	3,176
26.0	Supplies and materials	47	262	262
31.0	Equipment	182	10	25
	Total Obligations	9,602	17,861	16,900

General Services Administration
FEDERAL SUPPLY SERVICE

GENERAL SUPPLY FUND
$(THOUSANDS)

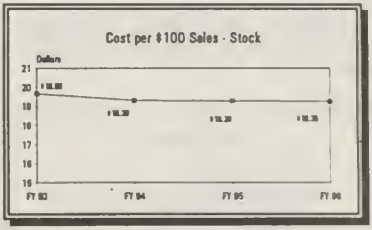
	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Income	2,907,637	2,776,085	2,806,556	30,471
Expense	2,777,776	2,652,954	2,698,556	45,602
Net Profit (Loss)	129,861	123,131	108,000	-15,131
Loss Reserve to RCP	129,861	123,131	108,000	-15,131
Profit (Loss)	0	0	0	0
Net Outlays	-	-	-	-
FTE	3,821	3,933	3,851	-82

EXPLANATION OF ESTIMATES

Fiscal year 1994 includes the Personal Property Sales Program which was previously funded through direct appropriations. The income increase from 1994 to 1995 is attributed to a projected increase in the volume of business within the Fleet Management System. Fiscal year 1995 reflects the effects of a uniform 12 percent employment reduction to be achieved over the fiscal years 1994 through 1999.

PERFORMANCE MEASURES

The following performance measures developed for the General Supply Fund focus on outcomes consistent with the Government Performance and Results Act of 1993. The direction of the Stock Program is to reduce the investment in materials and resources, increase output per unit, and pursue markets where the greatest return can be achieved.



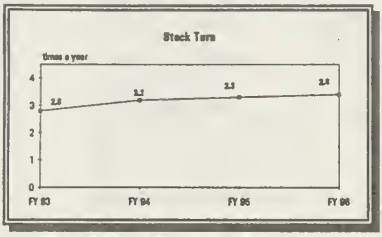
Cost per $100 sales for the Stock Program is projected to decrease to $19.30 in fiscal year 1994 and $19.28 in fiscal year 1995. A four year trend is detailed above:

General Services Administration
FEDERAL SUPPLY SERVICE

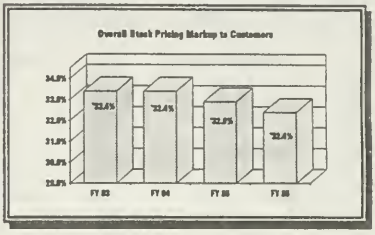
GENERAL SUPPLY FUND

PERFORMANCE MEASURES (continued)

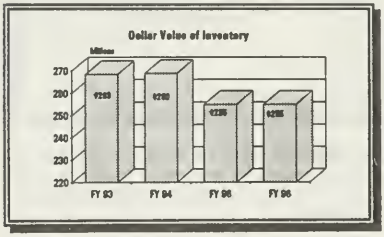
The stock turn, which reflects the ratio between the dollar value of stock sales and the dollar value of inventory, is projected to increase in fiscal years 1994 through 1996. A four year trend is detailed below:



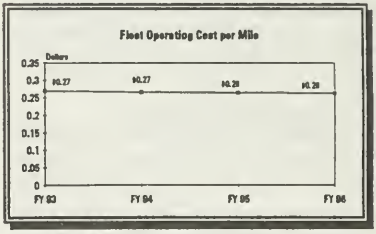
The fiscal year 1994 overall stock pricing markup to customers will remain at fiscal year 1993's level of 33.4%. The markup goals for fiscal year 1995 and 1996 are 32.9% and 32.4%, respectively.



The dollar value of inventory in fiscal year 1994 is projected at $269 million, decreasing to $255 million in fiscal year 1995. A four year trend is illustrated below:



The Fleet operating cost per mile for fiscal year 1994 is projected at 26.56 cents. A four year trend is provided below:



General Services Administration
FEDERAL SUPPLY SERVICE

GENERAL SUPPLY FUND
Obligations by Object Class
$(Thousands)

		FY 1993 Actual	FY 1994 Current	FY 1995 Request
	Personnel Compensation:			
11.1	Full-time permanent	124,039	128,886	130,600
11.3	Other than permanent	3,975	4,130	4,185
11.5	Other personnel compensation	3,714	3,859	3,910
11.9	Total personnel compensation	131,728	136,875	138,695
12.1	Civilian personnel benefits	29,793	33,384	33,277
13.0	Benefits for former personnel	283	290	298
21.0	Travel and transportation of persons	2,417	2,691	2,678
21.0	Motor pool travel	673	723	720
22.0	Transportation of things	62,801	63,211	62,909
23.1	Rental payments to GSA	43,280	45,680	47,980
23.3	Communications, utilities, and misc charges	46,797	33,230	33,071
24.0	Printing and reproduction	5,073	5,743	5,716
25.2	Other services	78,267	103,411	102,916
25.3	Purchases from Government accounts	68,659	68,245	67,919
26.0	Supplies and materials	1,997,309	1,855,637	1,885,191
31.0	Equipment	370,756	555,295	525,675
42.0	Insurance claims and indemnities	14	14	14
43.0	Interest and dividends	8,318	2	2
	Total Obligations	2,846,168	2,904,431	2,907,061

General Services Administration
INFORMATION RESOURCES MANAGEMENT SERVICE

BACKGROUND

The Information Resources Management Service (IRMS), the major high-technology arm of GSA, ensures that Federal agencies procure, manage and use automated data processing (ADP) and local telecommunications resources as efficiently and effectively as possible. IRMS sets policy for the acquisition and use of information technology governmentwide, assists agencies in acquiring ADP related services and computer equipment, and provides quality, low-cost voice and data local telecommunications services. In fulfilling both our policy and operational roles, our mission is to help Federal agencies accomplish their missions.

IRMS policy responsibilities are funded through direct appropriations. Operational programs are financed through the Information Technology (IT) Fund, which is a revolving fund, providing information technology resources to Federal agencies and funds for the efficient management, coordination, operation and use of such resources. The IT Fund includes a capital reserve that provides for capital investment and program costs that are one-time or non-recurring in nature and that improve service delivery. **The Office of FTS2000** is funded under the IT Fund and therefore its budget amounts are included in certain exhibits in this budget presentation. Narrative discussion of the FTS2000 Program is included separately under the Office of FTS2000 budget submission.

THE FY 1995 BUDGET IN BRIEF

The FY 1995 IRMS budget provides the leadership, technology, technical expertise and innovative technical programs that enable our customers, the other Federal agencies, to achieve the results they plan for and the results the American people expect. IRMS provides services through seven major business lines, as shown below.

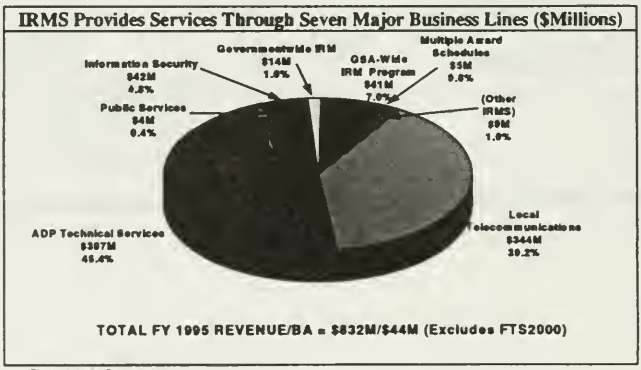


Exhibit 1, Major Business Lines

REDUCING COSTS TO CUSTOMERS

As customer agencies experience greater fiscal constraints, they will search more actively for the most economical way of meeting requirements. IRMS must compete and offer sufficient cost reductions or other benefits to attract and retain its customers.

Just as the business community strives to grow annually, and at the same time cut costs, so too is our aim in IRMS to drive costs down and quality up, and to reinvent and redesign our programs to better serve our customers. Four of IRMS major program areas, described below, demonstrate our commitment to this goal.

IRMS **Multiple Awards Schedule (MAS) Program** is designed to provide Federal agencies with a simplified process for obtaining ADP and telecommunications products and services at prices and other economic advantages equal to that available to large volume commercial customers. The MAS program is IRMS' largest single acquisition program, with annual sales of about $1.7 billion and savings of approximately $995 million in discounts and reduced administrative burden.

IRMS **Aggregated Systems Procurement (ASP) Program** is replacing existing local telecommunications services located outside the Washington D.C. metropolitan area that are outdated, have expiring contracts, or have never been competitively procured. ASP is delivering state-of-the-art digital voice and data local telecommunications services to Federal agencies, providing enhanced telecommunications capabilities to approximately 180,000 lines at 306 locations across the nation. Cost savings are obtained through quantity discounts and fewer procurement actions.

We are committed to maximizing the investment outcome for every tax dollar spent on information infrastructure in the Federal Government. The effectiveness of our non-mandatory reimbursable ADP programs enhance our ability to serve our customers, while ensuring wise investment of tax dollars. For example, the **Federal Information Systems Support Program (FISSP)** which provides technical assistance to agencies and delivery of contract services, with offices coast-to-coast, achieves economies to the Government through volume buying and by avoiding multiple procurements.

Also, the **Federal Computer Acquisition Center (FEDCAC)** located in Lexington, Massachusetts, competitively acquires large dollar-value (i.e., life-cycle cost greater than $100 million) ADP hardware, software, and associated services for client agencies. Benefits include contract savings and more timely procurement cycles.

NEW DIRECTIONS

The mission of IRMS is to help reinvent Government through information technology. In this era of change in Government, we use information and information technology in new, results-oriented ways.

IRMS faces the challenge of helping to lead the Federal Government into an era where every agency and every individual Federal

employee can maximize the effective use of information through technology for improved public services. In response to the National Performance Review, IRMS is working on many initiatives in the following areas to create a Government that works better and costs less.

(1) IRM LEADERSHIP
(Cutting Back to Basics)

During the past decade, tremendous advances have been made in technology. To meet this challenge IRMS will provide **leadership** for technology use in the Federal government. IRMS will ensure that up-to-date technology is available to help agencies eliminate the complexity, confusion and inconvenience in the Government's delivery of products and services to the public.

In order to stimulate the creation of new products and services, IRMS is conducting governmentwide and industry working groups to address agency requirements and alternative acquisition strategies. Another area IRMS is focusing on is simplifying the procurement process by allowing agencies to buy where and when they want, and by testing a fully "electronic marketplace." An example of the "electronic marketplace" is the MAS Program's Electronic Bulletin Board that will allow agencies to order information technology items on-line from a computerized list of products and services continuously updated by vendors.

Also, recognizing the need to increase the ability of the Federal workforce to use information, IRMS plans to implement a program "One Thousand by the Year 2000," to develop the next generation of Federal information resources managers. Major support will continue to be provided to meet the requirements of customers with disabilities through the Clearinghouse on Computer Accommodations (COCA), and by facilitating communication with hearing - impaired individuals through the Federal Information Relay Service.

(2) PERFORMANCE MANAGEMENT
(Cutting Red Tape)

IRMS will be results-oriented in managing use of technology and will employ business performance measurement techniques to measure results and ultimately to improve the flexibility and effectiveness of technology applications governmentwide.

The General Services Administration (GSA) will significantly increase its delegated authority to Federal agencies for the purchase of information technology, including hardware, software, and services. GSA is considering a three tiered delegations program with different authorization levels delegated to mega, large and other agencies.

As part of the effort to reduce the burdensome and conflicting regulations that increase costs and lengthen the procurement process, IRMS will perform Procurement and Management Reviews (PMRs) and use the results to make appropriate changes to agencies' Delegations of Procurement Authority (DPA) for information resources; and to ensure timely and appropriate agency procurement requests, with special attention given to 100 high-dollar projects.

(3) DELIVERING SERVICE
(Putting Customers First)

IRMS mission is to provide timely and quality support to other Federal agencies and the general public. IRMS will ensure that our service delivery is customer-driven, that we maximize our leverage through partnerships with our customers, industry and other levels of government, and that we differentiate our service delivery enterprises from our policy-making responsibilities.

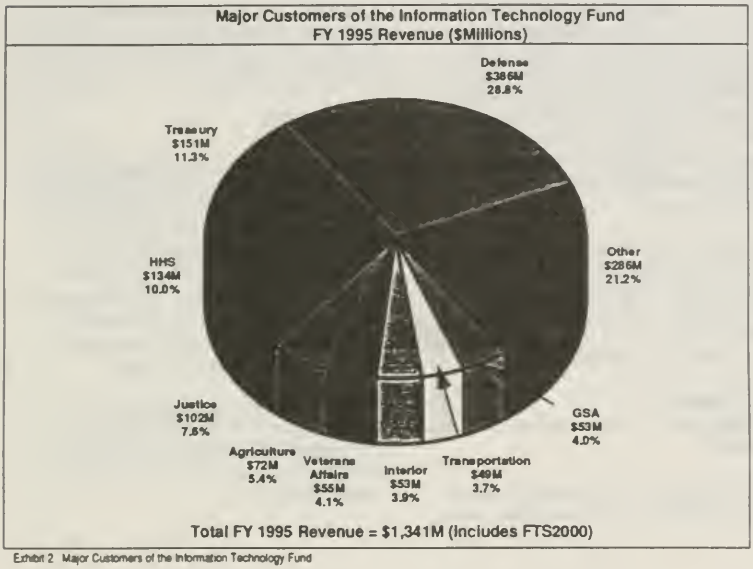


Exhibit 2 Major Customers of the Information Technology Fund

A breakdown of our customer base is shown above. One approach we are using to provide high value, low cost ADP and voice and data services to customers is through conducting reinvention labs. Our **local telecommunications lab** is designed to de-monopolize local telecommunications in Kansas City, Missouri, and allow for open competition to provide dial tone services, including provisions for expanded optional support, such as cable management and video. The **ADP support services lab** is designed to test new ways of providing business for Federal customers from private sector ADP software support services. GSA's position will be to provide oversight, allowing customer agencies to deal directly with vendors and permitting customers more choice by the availability of multiple vendors.

We will assist agencies in pursuing new and emerging technologies, such as implementing optical storage support services. IRMS **governmentwide electronic mail lab** is designed to establish Governmentwide electronic mail among Federal agencies that will improve quality and timeliness of service, as well as access to Government information. Also, our Federal Information Center (FIC) program provides a single point of contact for the general public to inquire about the Federal Government, its programs, and its services. The FIC program responds to 1.5 million public inquiries annually concerning the programs, agencies, and services of the Federal Government.

Other IRMS objectives are to implement a comprehensive client satisfaction assessment program to enhance and maximize quality service delivery to our customers in each of IRMS business lines; and, to post customer service standards and measure results.

(4) SUPPORT
(Empowering Employees to Get Results)

IRMS will support all of its Federal customers through competitive, non-monopolistic service and centers of expertise. IRMS will tap the full ability of its staff by giving them the delegated authority they need to make decisions, while also giving them measurable responsibility for results.

Our goal is to cut bureaucratic red tape by eliminating unneeded regulations and administrative procedures that do not add value for our customers.

RESOURCES

IRMS obtains its financing primarily from its client agencies. Our programs are financed through reimbursements for local telecommunications, ADP technical services, and for providing information processing, data communications, networking and end-user technical support services. Only five percent of the IRMS FY 1995 budget comes from direct appropriations, which is required to fulfill our critical policy functions.

IRMS IT programs are experiencing a continuing rise in demand for their services and revenue base (unit costs have remained level or have declined), as shown in the following table.

General Services Administration
INFORMATION RESOURCES MANAGEMENT SERVICE

INFORMATION TECHNOLOGY FUND (Includes FTS2000)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Revenue	$1,146,967	$1,146,232	$1,341,159	$194,927
Expense	$1,107,042	$1,160,435	$1,351,565	$191,130
Net Profit (Loss)	39,925	(14,203)	(10,406)	3,797
Reserve Use	(39,925)	14,203	10,406	(3,797)
Profit (Loss)	0	0	0	0
Net Outlays	$14,887	$58,437	$6,741	($51,696)
FTE:				
IRMS	1,587	1,571	1,539	(32)
FTS2000	267	251	237	(14)
TOTAL FTE	1,854	1,822	1,776	(46)

TABLE 1. Income and Expense Summary

General Services Administration
INFORMATION RESOURCES MANAGEMENT SERVICE

INFORMATION TECHNOLOGY FUND
Obligations by Object Class
$(Thousands)

		FY 1993 Actual	FY 1994 Current	FY 1995 Request
	Personnel Compensation:			
11.1	Full-time permanent	78,089	81,459	80,655
11.3	Other than permanent	2,456	2,150	2,173
11.5	Other personnel compensation	2,512	1,944	1,963
11.9	Total personnel compensation	83,057	85,553	84,791
12.1	Civilian personnel benefits	17,780	17,878	18,134
13.0	Benefits for former personnel	141	146	149
21.0	Travel and transportation of persons	5,006	5,480	5,630
21.0	Motor pool travel	342	364	374
22.0	Transportation of things	635	684	704
23.1	Rental payments to GSA	10,517	10,930	11,413
23.3	Communications, utilities, and misc charges	5,085	5,116	5,257
24.0	Printing and reproduction	1,491	1,639	1,682
25.2	Other services	1,070,827	1,180,220	1,215,177
26.0	Supplies and materials	1,851	5,132	5,331
31.0	Equipment	51,985	60,542	55,201
43.0	Interest and dividends	5,073	6,787	6,963
	Total Obligations	1,253,790	1,380,471	1,410,806

TABLE 2. Information Technology Fund (in thousands of dollars)

General Services Administration
INFORMATION RESOURCES MANAGEMENT SERVICE

EXPLANATION OF ESTIMATES

The IT Fund's FY 1995 request reflects a 2.2% increase from FY 1994. For the most part, the increase is due to increases in contractor flowthrough (an indicator of business volume and demand for IRMS services), and support for Department of Defense special events.

PERFORMANCE MEASURES

IRMS strives to operate and manage its resources efficiently while seeking ways to improve service delivery and customer satisfaction. In keeping with this challenge, we continue to develop measures to (1) inform us of our progress and (2) to ensure accountability for cost effective outcomes. Some of our more significant performance measures are presented in this section.

The GSA's Purchases of Telecommunications and Services (POTS) contracts provide new and used equipment, maintenance and repair service on most Government-owned telephone equipment. The equipment and services are provided in competition with private industry. By using POTS contracts, agencies can realize approximately 30% savings. Exhibit 3 shows the volume of sales and associated savings from FY 1992 to FY 1995.

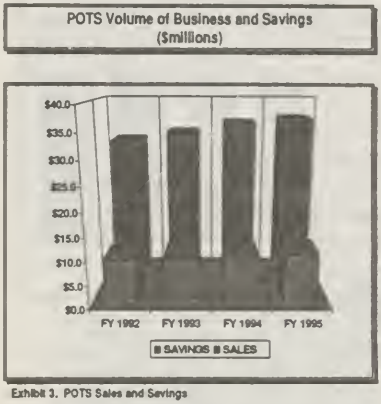


Exhibit 3. POTS Sales and Savings

Exhibit 4 shows the number of lines the Local Telecommunications Services program provides. The goal of GSA is to provide these services effectively and economically and remain competitive with private industry and other potential service providers. The chart shows that in FY 1995, GSA will operate about 569,000 local service telephone lines.

General Services Administration
INFORMATION RESOURCES MANAGEMENT SERVICE

Number of Local Service Telephone Lines

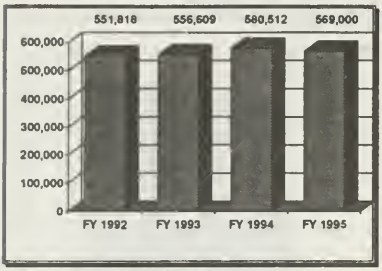


Exhibit 4. Local Service Telephone Lines

As reflected in Exhibit 5, GSA will continue to charge its client agencies an average monthly line rate that is approximately 34% less than the equivalent commercial line rate. FY 1995 savings to customer agencies total approximately $106 million. The exhibit shows the difference between commercial and GSA rates.

Local Telecommunications Services
Average Monthly Line Rate

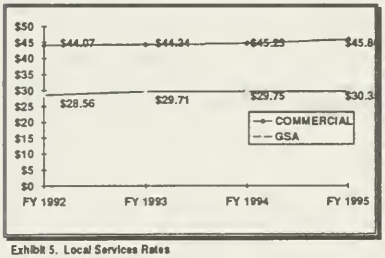


Exhibit 5. Local Services Rates

Exhibit 6 shows information on the Federal Information Systems Support Program (FISSP). FISSP provides ADP services to Federal agencies on a non-mandatory, 100% reimbursable basis, in the areas of ADP business applications, facilities management operations, software definition or design, scientific engineering applications and computer security. The FISSP business volume of $159 million in FY 1992 has been increasing each year and is projected to reach $225 million in FY 1995, an increase of about 42% over that period of time.

Federal Information Systems Support Program Volume of Business ($000)

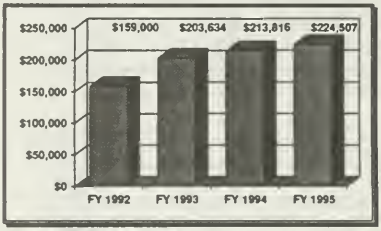


Exhibit 6. FISSP Business Volume

The Information Security Management (ISM) program provides a full range of support services for communications security (COMSEC) and related systems that provide secure voice and data communications to Federal, civilian and selected Department of Defense activities. The next chart (Exhibit 7) shows the number of ISM service requests from FY 1992 to FY 1995.

General Services Administration
INFORMATION RESOURCES MANAGEMENT SERVICE

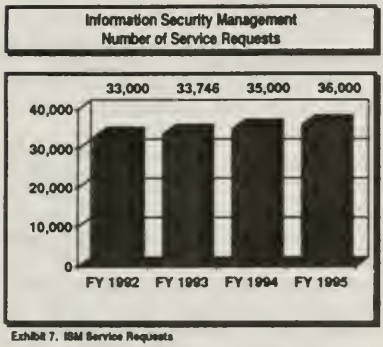


Exhibit 7. ISM Service Requests

Twenty-four hour emergency support to clients' critical mission classified telecommunications systems are ISM's highest priority service. Rapid response capabilities are maintained by a worldwide organization with field offices located to meet clients' needs in less than 6 hours. The last chart (Exhibit 8) shows the success rate in restoring clients' critical mission, classified communications within 6 hours.

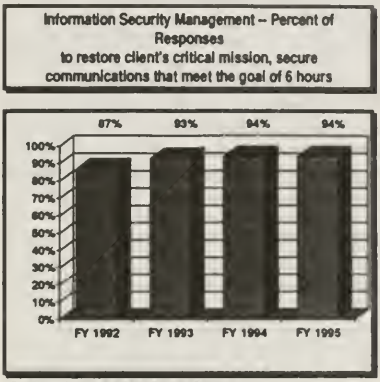


Exhibit 8. Communications Restore Percent

General Services Administration
OFFICE OF FTS2000

BACKGROUND

The Federal Telecommunications System 2000 (FTS2000) provides long-distance telecommunications services that offers the Federal Government low-cost, state-of-the-art, integrated voice, data, and video telecommunications. FTS2000 services are provided to more than 1.5 million users through two multi-billion dollar ten-year contracts that were awarded to AT&T and Sprint in December 1988, to replace the 25 year-old FTS network. The contracts provide for services rather than equipment. The transition of voice service from the old FTS to FTS2000 was completed in June 1990.

The mission of the Office of FTS2000 is to provide the leadership, policy, program direction, and oversight to ensure the provision of a timely, high-quality, innovative, and cost-effective governmentwide program for long-distance telecommunications services. The FTS2000 program derives its financing from the Information Technology (IT) Fund, under the authority of Public Law (PL) 89-306, the Brooks Act as amended by the Paperwork Reduction Reauthorization Act of 1986, as included in PL 99-500 and PL 99-501, effective January 1, 1987.

The Office of FTS2000 was established in 1991, as a separate organization reporting to the Administrator of GSA to provide senior level management for all matters pertaining to the program.

THE FY 1995 BUDGET IN BRIEF

The FY 1995 budget includes requirements for Federal agencies to utilize the FTS2000 contracts to support their missions. It also provides funding to cover administrative support costs and capital reserve costs.

REDUCING COSTS TO CUSTOMERS

Fourth year Price Redetermination/Service Reallocation (PR/SR), was completed in FY 1993, resulting in significant price reductions projected to be $450 million over the remaining life of the contracts. The price reductions became effective December 1992. Provided for in the FTS2000 contracts during contract years 4 and 7, PR/SR is one of the Government's mechanisms for price control. It also allows the Government to make major mid-course price adjustments for all FTS2000 services by having the two FTS2000 contractors compete for a percentage of their estimated revenue shares for the remainder of the contract period. Efforts are currently underway to conduct seventh year PR/SR, which will become effective in FY 1996.

GSA negotiated Publicly Available Price Caps (PAPCap) agreements with both contractors for all FTS2000 services to ensure that prices obtained during PR/SR continue to track the market and remain below the best comparable commercial rates. Under the agreements, quarterly comparisons are made of FTS2000 prices and current lowest comparable commercial prices, and the prices are adjusted accordingly. This allows for quick response to price changes in the volatile telecommunications marketplace. Since the initial quarterly PAPCap evaluation in April 1993, PAPCap evaluations have been conducted in July and October 1993. Based on the October 1993 evaluation, FTS2000 rates continued to be below the best comparable commercial rates. Because FTS2000 prices track commercial prices, which increased during the most recent period, the FTS2000 price

adjustment for the October 1993 evaluation was less than prior quarters. Savings resulting from PAPCap evaluations are projected to be $6.5 million annually through the remainder of the FTS2000 contracts.

GSA reported to Congress on the cost-effectiveness of the FTS2000 program on March 1, 1993. Based primarily on an independent study conducted under the auspices of the FTS2000 Interagency Management Council (IMC), the report concluded that FTS2000 prices, in aggregate, are at least as good as the best equivalent commercial prices without considering the value of unique Government requirements. When the value of unique Government requirements is factored in, the report concluded that FTS2000 is significantly less expensive than commercial equivalent offerings. As was expected, pricing disparities for those few instances where commercial prices were found to be less expensive were corrected when the PAPCap mechanism was exercised in April 1993.

Additional opportunities to reduce costs and to improve customer satisfaction were identified by using an independent contractor to review FTS2000 program management, which was completed in FY 1993. The contractor was supervised by the FTS2000 IMC. Based on review recommendations, the Office of FTS2000 is reorganizing to provide increased focus on customer satisfaction, and is reducing employment levels and administrative support costs through FY 1995. As a result of these efforts to streamline operations, the FTS2000 management support expenses are being reduced by 10 percent in FY 1994. Based on projected increases in service usage and lower prices due to initiatives such as PAPCap and Fourth Year Price Redetermination, the 10 percent reduction in management support expenses has enabled the FTS2000 overhead rate applied to agency costs for long-distance services to be reduced from 9 percent to 8 percent effective October 1, 1993.

NEW DIRECTIONS

The mission of the Office of FTS2000 is to ensure the provision of a timely, high quality, innovative, and cost-effective Governmentwide program for long-distance telecommunications services. We will use the model for entrepreneurial governance to ensure that program resources are used in a way that maximizes efficiency and effectiveness. We will continue to focus on customer satisfaction, competition, and continuous improvement. Our customers will continue to help shape the FTS2000 program to better serve their needs. The National Performance Review report recognized the direction of the FTS2000 program as a successful example of reducing costs through competition.

Two major initiatives which will allow us to accomplish our mission are Year 7 PR/SR and the FTS2000 Follow-on.

PRICE REDETERMINATION/SERVICE REALLOCATION (PR/SR) YEAR 7

The initial planning phase for the Year 7 PR/SR process began during FY 1993. Contractor support continues to be required during FY 1994 and FY 1995 to assist GSA in concept development; definition and analysis of alternatives; recommendation and selection of an approach; and, to provide acquisition process support. Contractor support costs are anticipated to increase $1.9 million from FY 1994 to

FY 1995, from $.6 million to $2.5 million. Funding authority is required since these efforts must be completed by December 1995, in compliance with the FTS2000 contracts.

FTS2000 FOLLOW-ON

The current FTS2000 contracts expire in December 1998. The Office of FTS2000 is currently in the early stages of planning for the provision of service after the current contracts expire. Contractor support will be required from FY 1994 through FY 1998 to assist with various stages associated with the FTS2000 Follow-on effort. Contractor support costs are expected to increase $1.4 million from FY 1994 to FY 1995, from $3 million to $4.4 million. During this timeframe, funding to cover contractor costs is required to define and analyze alternatives; select and recommend an acquisition strategy; and develop requests for proposals, including several cycles of comments from industry and Government.

Specific tasks anticipated to be undertaken through FY 1998 include assisting GSA in analysis and projection of telecommunications needs for Federal agencies in the FY 1998-2008 timeframe; preparation of contract documents; gathering, compiling and categorizing agency needs for telecommunications services; and developing a rigorous cost model of agency transition costs.

RESOURCES

The FTS2000 program is financed entirely through reimbursements by customer agencies. The FTS2000 program is financially healthy, as demonstrated by the continuing rise in demand for services and revenue base, as shown in the following profit and loss exhibit.

OFFICE OF FTS2000
(in thousands of dollars)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Income	$545,348	$548,159	$557,264	$9,105
Expense	523,112	572,755	573,673	918
Net Profit (loss)	22,236	(24,596)	(16,409)	8,187
Reserve use/ (Contributions)	(22,236)	24,596	16,409	(8,187)
Profit (Loss)	0	0	0	0
Net Outlays	10,794	44,921	10,614	(34,307)
FTE	267	251	237	(14)

General Services Administration
OFFICE OF FTS2000

FTS2000 PROGRAM / IT FUND
Obligations by Object Class
$(Thousands)

		1993 Actual	1994 Current	1995 Request
	Personnel Compensation:			
11.1	Full-time permanent	$15,752	$14,098	$13,792
11.3	Other than full-time permanent	203	7	7
11.5	Other personnel compensation	308	574	577
11.9	Total personnel compensation	16,263	14,679	14,376
12.1	Civilian personnel benefits	3,595	3,156	3,140
13.0	Benefits for former personnel	23	12	13
21.0	Travel and transportation of persons	159	164	168
21.0	Motor pool travel	31	29	30
22.0	Transportation of things	0	25	26
23.1	Rental payments to GSA	389	225	230
23.3	Communications, utilities, & misc. charges	910	834	860
24.0	Printing and reproduction	78	133	137
25.2	Other services	532,574	562,041	565,952
26.0	Supplies and materials	253	329	338
31.0	Equipment	931	1,074	826
	Total Obligations	$555,206	$582,701	$586,096

EXPLANATION OF ESTIMATES:

The demand for FTS2000 services by Federal agencies is expected to increase by approximately $10 million from FY 1994 to FY 1995. The increase is primarily due to the annualized effect of transitioning the Department of Defense's telecommunications requirements to the network; anticipated growth in data services requirements; customer response to the FTS2000 program's high quality, low-cost services; and successful response to "New Services" initiatives such as Virtual On-net (VON) and Integrated Switched Digital Network (ISDN) trials. In addition, the GSA management support costs are expected to decrease by approximately $1 million from FY 1994 to FY 1995 due to reductions in employment levels and other administrative costs. Also, capital reserve expenses are expected to decline by approximately $8.2 million from FY 1994 to FY 1995 due to decreasing one-time activities

General Services Administration
OFFICE OF FTS2000

PERFORMANCE MEASURES

While long-distance voice minutes usage has dramatically increased since the implementation of FTS2000, during FY 1990 the cost per minute to the agencies, which includes GSA management support costs, has significantly decreased.

FTS2000 Long-Distance Voice Service Cost Per Minute and Minutes of Use

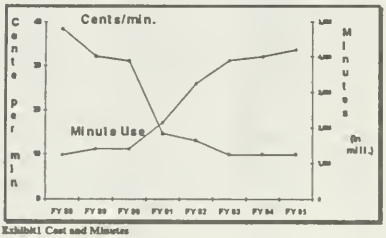


Exhibit1 Cost and Minutes

Five performance measures are identified below to ensure continued quality and cost-effectiveness of the FTS2000 program.

Percent of time contractor meets scheduled service order due date

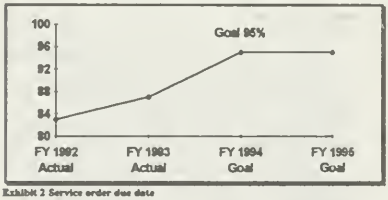


Exhibit 2 Service order due date

FTS2000 services are provided through two multi-billion dollar contracts that were awarded to AT&T and Sprint in December 1988. For FY 1994 and FY 1995, the program's goal is to continue to ensure the FTS2000 contractors meet scheduled service order due dates at least 95 percent of the time. During FY 1993, the FTS2000 contractors achieved 87 percent. The primary reason for late delivery of services was order volume being above forecasted levels. The contractor has initiated corrective action by adding additional personnel and cross-training personnel to improve response to shifts in service demand.

Number of switched voice service troubles reported per 100,000 calls

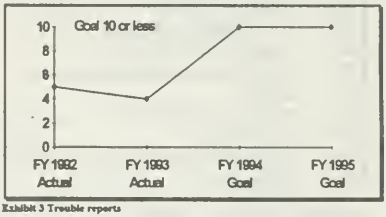


Exhibit 3 Trouble reports

The quality of FTS2000 service has been extraordinary while the technical capabilities have been equal or superior to comparable commercial services. During FY 1993, customers reported an average of only 4 voice service troubles per 100,000 calls and experienced virtually no network busy signals. As a result, network performance again exceeded the program's goal of 10 or less voice service troubles reported per 100,000 calls. For FY 1994 and FY 1995, the FTS2000 program's goal is to continue to

achieve 10 or less trouble reports per 100,000 voice service calls. The industry average for this performance measure is 20 troubles reported per 100,000 calls.

Customer Satisfaction

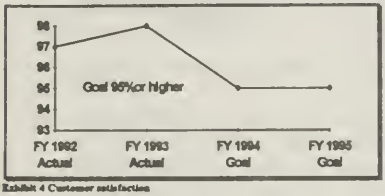


Exhibit 4 Customer satisfaction

The customer satisfaction level is developed from the troubles reported to the vendors. The Service Oversight Centers contact customers who report troubles to determine if they are satisfied with the handling of the trouble report. The customer satisfaction level for FY 1993 was 98 percent. The goal for FY 1994 and FY 1995 is a customer satisfaction level of 95 percent or higher.

FTS2000 GSA Management Support (GMS) Services

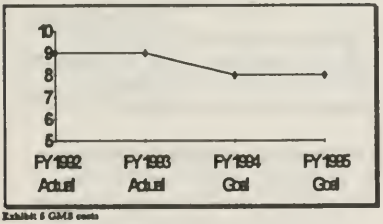


Exhibit 5 GMS costs

In addition to providing the lowest possible cost for FTS2000 services, the Office of FTS2000 strives to keep its administrative costs to a minimum. During FY 1992 and FY 1993, the GSA management services (GMS) costs were approximately 9 percent of the total business volume. As a result of efforts to streamline functions and while focusing on customer satisfaction, GMS expenses will be reduced 10 percent from FY 1993 to FY 1994. This reduction in GMS expenses will enable the FTS2000 rate applied to agency costs for long-distance services to be decreased from 9 percent in FY 1993 to 8 percent in FY 1994.

A new performance indicator for FY 1994 is the cost per minute of FTS2000 switched voice service compared to the commercial equivalent. The FY 1994 goal is to be below the average cost per minute commercial equivalent. This will be accomplished through quarterly PAPCap evaluations.

General Services Administration
FEDERAL PROPERTY RESOURCES

BACKGROUND

The Federal Property Resources Service (FPRS) is chartered with the responsibility of providing Governmentwide asset management leadership, policy guidance, program direction and oversight to ensure that Federal real property assets are effectively utilized or appropriately redistributed within the public or private sector in a manner that maximizes residual value recovery for the taxpayers.

The FPRS Mission is financed through several accounts and sources. Specifically:

Operating Expenses, GSA, a direct annual appropriation, provides for managing programs for the utilization and disposal by sale, exchange, or transfer of surplus real property.

Operating Expenses, GSA, a reimbursable account, provides funding for services that are provided to Federal agencies on a fully reimbursable basis.

Expenses, Disposal of Surplus Real and Related Personal Property, a permanent, indefinite appropriation used to finance contractual services of appraisers, auctioneers, and brokers familiar with local markets to accelerate the utilization or sale of surplus real property. It also covers the costs of surveying, advertising, and environmental and historical services.

The Real Property Relocation appropriation covers relocation costs involved in moving agencies from valuable underutilized property targeted for public sale, to facilities determined to be more economically suitable for their needs. No additional funding is requested for this program in fiscal year 1995.

THE FY 1995 BUDGET IN BRIEF

In general, the fiscal year 1995 budget provides for the continuation of existing programs through minimizing costs and directing resources for their maximum benefit.

NEW DIRECTIONS

In accordance with the National Performance Review, the following represents our commitment to improve the way we do business:

- FPRS is participating in GSA's actions to implement the National Performance Review recommendations on real estate.
- FPRS is participating in partnership with the Department of the Treasury in an 18-month pilot Real Property Standards Evaluation Initiative.
- FPRS has reduced internal regulations by 36 percent, pursuant to Executive Order 12861.

General Services Administration
FEDERAL PROPERTY RESOURCES

EXPENSES, DISPOSAL
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Direct Program:				
Appraisers' fees, auctioneers and brokers fees and surveying	$534	$890	$790	-100
Advertising	989	1,110	1,100	-10
Environmental Services	79	50	110	+60
Historical Prev.Service	0	50	100	+50
Outleasing - Government-owned space: Auctioneers and brokers fees and surveying, appraisers' fees and advertising	12	517	517	-
Unobligated Balance Expiring	765	-	-	-
Total Budget Authority	2,379	2,617	2,617	-
Reimbursable Program:				
Disposal - Real Property	29	100	100	-
Total Reimbursable	29	100	100	-
Net Outlays	1,435	2,617	2,617	-
Employment (FTE)	-	-	-	-

EXPLANATION OF ESTIMATES

This appropriation provides for contractual services and supplements in-house real property disposal activities under the Operating Expenses, GSA appropriation, and efforts by the Public Buildings Service (PBS) to improve space utilization through outleasing of surplus Government-owned space. This is a permanent, indefinite appropriation which requires no further Congressional action.

General Services Administration
FEDERAL PROPERTY RESOURCES

EXPENSES, DISPOSAL
Obligation by Object Class
$(Thousands)

Direct Program:		FY 1993 Actual	FY 1994 Current	FY 1995 Request
23.3	Communications, utilities, and misc charges	$400	$0	$0
24.0	Printing and reproduction	402	252	252
25.2	Other services	1,112	2,365	2,365
99.9	Total Obligations	$1,614	$2,617	$2,617

EXPENSES, DISPOSAL
Obligation by Object Class
$(Thousands)

Reimbursable Program:		FY 1993 Actual	FY 1994 Current	FY 1995 Request
24.0	Printing and reproduction	$3	$40	$40
25.2	Other services	26	60	60
99.9	Total Obligations	$29	$100	$100

General Services Administration
OPERATING EXPENSES, GSA

BACKGROUND

The fiscal year 1995 budget proposes consolidating our individual operating expenses and salaries and expenses accounts into a single appropriation for the Agency. This will offer some much-needed flexibility in implementing initiatives, and is also consistent with National Performance Review (NPR) objectives to reduce and simplify account structures. The new account would support appropriated functions of the Federal Supply Service, Information Resources Management Service, Federal Property Resources Service and certain general management and administration functions.

The $138.8 million for these functions represent an extremely small part of GSA's total financial operation. They are critically important, however, in that they support the Agency's core of central management, oversight, and policy functions that will be the impetus for many of the NPR and other cost saving initiatives that we should and must accomplish. Further reductions and cost absorptions could significantly decrease the savings we are able to leverage.

THE FY 1995 BUDGET IN BRIEF

Fiscal Year 1995 reflects the effects of a uniform twelve percent employment reduction to be achieved over the period fiscal years 1994 - 1999. Pay raises, including locality pay, have been absorbed within the account. In addition price increase for supplies, services and RENT have been absorbed within the amounts requested.

NEW DIRECTIONS:

GSA STAFF OFFICES

Imminent changes in GSA's environment are challenging GSA to pursue new and different initiatives in order to be the provider of choice throughout the Federal Government. This budget will continue to support initiatives that improve customer service, simplify administrative processes, empower employees and provide investments in office technology. GSA is being challenged to right size the workforce while maintaining our agency mission to provide quality service to our customers.

Efforts to become a non-mandatory source of supplies and services, simplify the procurement process, become a preferred business partner to our customers and vendors, and to maintain a high quality, diversified workforce, will be greatly enhanced by the leadership provided through the policy direction activities of the GSA Staff Offices. These offices have a critical role to play in the reinvention of GSA, and in re engineering the climate in which the services provided by GSA can be entrepreneurial, effective and have a commitment to excellence.

The General Management and Administration activity provides for policy direction and coordination of all GSA programs by the Administrator, Deputy Administrator, and Regional Administrators

General Services Administration
OPERATING EXPENSES, GSA

GSA SERVICES

GSA Services will put customers first by developing a seamless organization, based upon inter- and intra-service and regional cooperation, while working as an account executive to identify and satisfy customer needs. Programs will focus on reducing operational activities while increasing policy, guidance, oversight and support services provided to customers.

The Federal Supply activity provides for policy and regulatory activities for Government-wide programs to support customers while maximizing operational efficiency and reducing cost to the Government. These program included property management, transportation, and travel services, aircraft management, mail management and schedules contracting.

The Information Resources Management activity provides for development and coordination of Government-wide policies, procedures and regulations to ensure that Federal agencies procure, manage and use information technology resources as effectively and efficiently as possible.

The Federal Property Resources activity provides for development and coordination of Government-wide policies that promote the maximum utilization of resale property by Federal agencies and the transfer among agencies of excess real property. It also provides for the disposal of surplus real property by sale, exchange, lease, permit, assignment, or transfer as well as the protection and maintenance of excess and surplus property pending its disposition.

Detailed descriptions of activities in each GSA Service are included in subsequent pages.

General Services Administration
OPERATING EXPENSES, GSA

OPERATING EXPENSES, GSA
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Direct Program:				
Federal Supply	56,061	43,420	41,534	-1,886
Information Resources Management	45,570	45,675	44,057	- 1,618
Federal Property Resources	13,668	15,756	15,026	- 730
General Management and Administration	32,926	31,435	33,208	+1773
Unobligated Balance Expiring	2,271	-	-	-
Total Budget Authority	150,496	136,286	133,825	-2,461
Reimbursable Program:				
Federal Supply	4,463	1,176	1,276	+100
Information Resources Management	44,337	47,856	48,015	+159
Federal Property Resources	2,485	3,496	3,549	+53
Total Reimbursable	51,285	52,528	52,840	+312
Net Outlays	141,711	134,998	133,578	-1,420
Employment (FTE)	1,915	1,691	1,703	+12

General Services Administration
OPERATING EXPENSES, GSA

Obligations by Object Class
$(Thousands)

		FY 1993 Actual	FY 1994 Current	FY 1995 Request
	Personnel Compensation:			
11.1	Full-time permanent	72,490	70,148	73,686
11.3	Other than permanent	1,280	1,320	1,225
11.5	Other personnel compensation	1,788	1,583	1,599
11.9	Total personnel compensation	75,558	73,051	76,510
12.1	Civilian personnel benefits	13,259	14,074	14,950
13.0	Benefits for former personnel	108	56	44
21.0	Travel and transportation of persons	1,524	1,932	1,762
21.0	Motor pool travel	254	206	193
22.0	Transportation of things	85	46	38
23.1	Rental payments to GSA	10,906	9,595	10,011
23.3	Communications, utilities, and misc charges	4,646	4,224	3,584
24.0	Printing and reproduction	2,731	1,952	1,706
25.2	Other services	23,584	21,881	17,528
25.3	Purchases of goods and services from Government accounts	6,940	5,481	3,892
26.0	Supplies and materials	1,501	1,182	1,064
31.0	Equipment	7,128	3,125	2,543
42.0	Insurance claims and indemnities	1	-	-
99.0	Subtotal direct obligations	148,225	136,805	133,825
99.0	Reimbursable obligations	51,285	52,528	52,840
99.9	Total obligations	199,510	189,333	186,665

General Services Administration
OPERATING EXPENSES, GSA

FEDERAL SUPPLY
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Direct Program:				
Federal Supply	56,061	43,420	41,534	-1,886
Unobligated Balance Expiring	83	-	-	-
Total Budget Authority	**56,144**	**43,420**	**41,534**	**-1,886**
Reimbursable Program:				
Federal Supply	4,463	1,176	1,276	100
Total Reimbursable	**4,463**	**1,176**	**1,276**	**100**
Net Outlays	**57,767**	**43,432**	**41,535**	**-1,897**
Employment (FTE)	**853**	**618**	**614**	**-4**

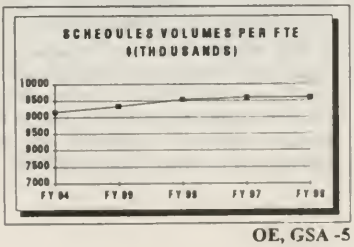
EXPLANATION OF ESTIMATES

The Federal Supply activity provides for schedules contracting, transportation, mail, and travel management regulations and services, utilization and donation of excess and surplus personal property, and the management of aircraft owned and operated by civilian agencies in support of their missions.

In fiscal year 1994, the personal property sales program is transferred to the General Supply Fund (GSF) and transportation audits is fully funded from the expenses of Expenses of Transportation Audit Contracts and Contract Administration account. Fiscal year 1995 reflects the effects of a uniform 12 percent employment reduction to be achieved over the period fiscal years 1994 through 1999. Payraises, including locality pay, have been absorbed within the account.

PERFORMANCE MEASURES

The Schedules Program projected business volume for fiscal year 1995 is approximately $2.7 billion. A trend of business volume per FTE is displayed below:



General Services Administration
OPERATING EXPENSES, GSA

FEDERAL SUPPLY
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Direct Program:				
Federal Supply	56,061	43,420	41,534	-1,886
Unobligated Balance Expiring	83	-	-	-
Total Budget Authority	**56,144**	**43,420**	**41,534**	**-1,886**
Reimbursable Program:				
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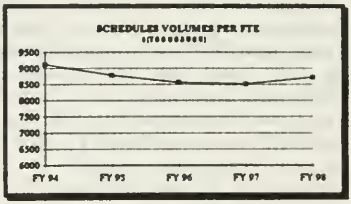
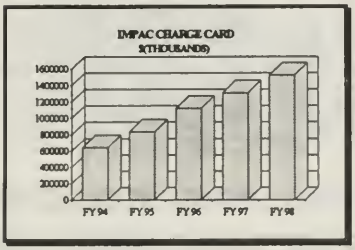


General Services Administration
OPERATING EXPENSES, GSA

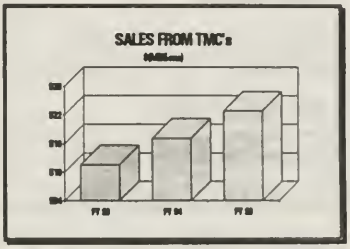
FEDERAL SUPPLY

PERFORMANCE MEASURES (continued)

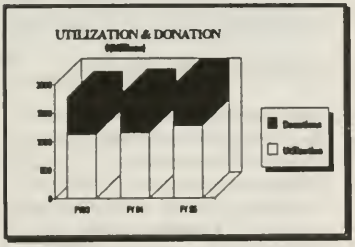
Projected business volume for the highly successful IMPAC Program, where agencies may use the credit card for purchases up to $25,000, is displayed below:



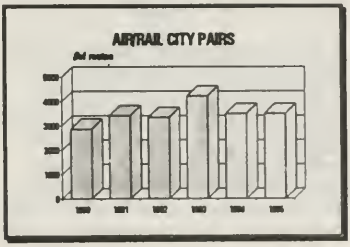
The following graph reflects sales from travel management centers (TMC's), projected at $517.2 million in fiscal year 1994 and $522.9 million in fiscal year 1995:



Projected business volume for the utilization and donation of excess and surplus personal property for fiscal year 1995 is approximately $2 billion, as shown below:



The following graph reflects the growth of the air/rail city pairs, with the number of routes projected at 3,500 for calendar years 1994 and 1995:



General Services Administration
OPERATING EXPENSES, GSA

INFORMATION RESOURCES MANAGEMENT, GSA
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Direct Program:				
Information Resources Management	$45,570	$45,675	$44,057	-1,618
Unobligated Balance Expiring	849	-	-	-
Total Budget Authority	$46,419	$45,675	$44,057	-1,618
Reimbursable Program:				
Information Resources Management	$44,337	$47,856	$48,015	+159
Total Reimbursable	$44,337	$47,856	$48,015	+159
Net Outlays	$41,774	$44,745	$44,089	-23,529
Employment (FTE)	595	613	600	-13

EXPLANATION OF ESTIMATES

Direct and Reimbursable programs support the IRMS mission in providing direction and coordination of comprehensive Governmentwide programs pertaining to ADP, telecommunications, and other information technology equipment and services. The requested amounts have been minimized by IRMS efforts to reduce expenses and to direct resources towards critical program initiatives.

Fiscal Year 1995 reflects the effects of a uniform twelve percent employment reduction to be achieved over the period fiscal years 1994 - 1999. Pay raises, including locality pay, have been absorbed within the account. This also includes restoration of $616 thousand for the Information Security Oversight Office.

PERFORMANCE MEASURES

IRMS oversees the Federal Information Processing (FIP) procurement activities of agencies Governmentwide. In FY 1995, GSA will delegate approximately $18 billion in procurement authority to Federal agencies to acquire ADP resources. Exhibit 1 shows a decreasing trend in procurement delegations from $26 billion in FY 1992 to $18 billion in FY 1995. This decrease is largely due to the planned higher dollar threshold. Consequently, fewer requests for delegation of procurement authority will be made.

Delegations of Procurement Authority
Procurement Dollars Delegated
($billions)

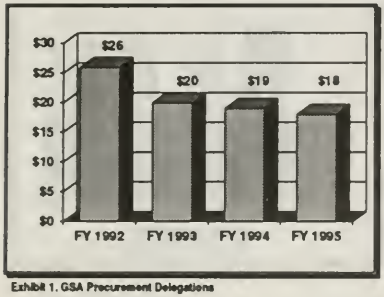


Exhibit 1. GSA Procurement Delegations

GSA conducts comprehensive Information Resources Management (IRM) PMRs of the largest agencies. The purpose of these reviews is to measure agency performance and to identify and perform research into emerging IRM problems or issues. Exhibit 2 shows the number of agency reviews completed each year. IRMS will perform 6 on-site reviews in FY 1995 and begin to issue "best practices" guides to agencies that will contain proven IRM management techniques.

Number of Agency Reviews Completed

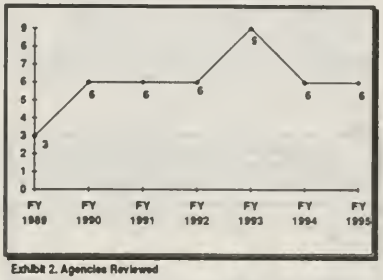


Exhibit 2. Agencies Reviewed

GSA will continue to monitor the disposition of General Services Board of Contract Appeals cases to keep agencies informed about case trends and impacts. Exhibit 3 shows the number of protests analyzed.

Number of General Services Board of Contract Appeals Protests Analyzed

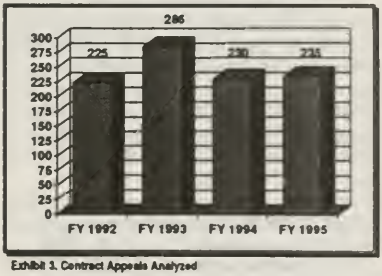


Exhibit 3. Contract Appeals Analyzed

General Services Administration
OPERATING EXPENSES, GSA

One of IRMS goals is to ensure a quick response to Federal agencies' requests for procurement delegations. A twenty-day response time has been established as an acceptable goal. In FY 1995, GSA expects to continue to meet that goal. Exhibit 4 shows how well IRMS is meeting this goal.

Average Number of Days Required to Process Agency Procurement Delegations Requests

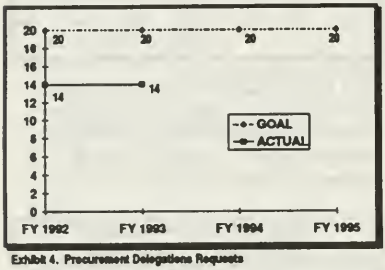


Exhibit 4. Procurement Delegations Requests

The next chart (Exhibit 5) shows the amount of Schedules Program Sales. It also shows the amount of procurement savings Federal agencies can realize by using the Multiple Awards Schedules Program. It is estimated that during FY 1995, Federal agencies will procure nearly $1.7 billion in ADP and telecommunications equipment, services and related items. When agencies use the Schedules Program instead of processing their own requirements from start to finish, studies show they will be achieving savings of approximately $913 million.

Schedules Program –Agencies' Procurement of ADP and Telecommunications ($millions)

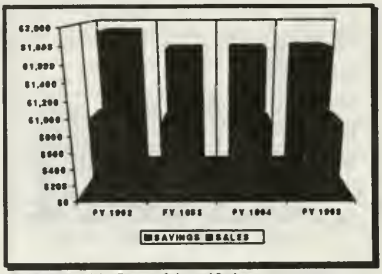


Exhibit 5. Schedules Program Sales and Savings

The Schedules are composed of contracts with more than 1,000 private industry companies from which agencies can order directly. As shown in Exhibit 6, the Schedules Program has significantly reduced industry offers backlogged over the past five years and, consequently, improved the efficiency of the Schedules contracts.

Schedules Program Backlog of Offers

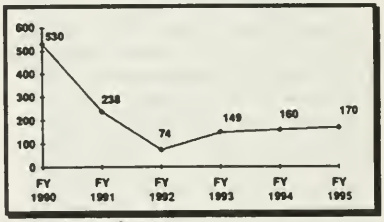


Exhibit 6. Schedules Backlog

General Services Administration
OPERATING EXPENSES, GSA

FEDERAL PROPERTY RESOURCES
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Direct Program:				
Federal Property Resources	13,668	15,756	15,026	-730
Unobligated Balance Expiring	265	-	-	-
Total Budget Authority	13,933	15,756	15,026	-730
Reimbursable Program:				
Federal Property Resources	2,485	3,496	3,549	+53
Total Reimbursable	2,485	3,496	3,549	+53
Net Outlays	13,385	15,319	14,760	-559
Employment (FTE)	170	170	166	-4

EXPLANATION OF ESTIMATES

The Federal Property Resources activity provides for the Federal Property Resources Service (FPRS), which has a vital leadership role in streamlining Governmentwide real property management to maximize the use of Federal assets and control its liabilities. Primary responsibilities include the development of Federal Government policies and regulations; the identification of properties not utilized, underutilized, or not being put to optimum use; arranging transfer of excess property from one Federal agency to another; disposing of surplus property by sale, lease, exchange and donation for public purposes; providing contractual services and real property information management for all Federal real estate owned, leased, controlled, and disposed of by Federal real property holding agencies.

This budget request for fiscal year 1995 reflects the effects of a uniform 12 percent employment reduction to be achieved over the period fiscal years 1994-1999. Pay raises, including locality pay, have been absorbed within the account.

FEDERAL PROPERTY RESOURCES

PERFORMANCE MEASURES

The projected dollar amount of total disposals in fiscal years 1994 and 1995 is $131 million. A dollar value trend of the disposal volume per FTE is depicted in Figure 1. Due to increased fragmentation of disposal authority, such as the DOD Base Closure Acts, FPRS is projecting a level rate for fiscal years 1994 through 1996.

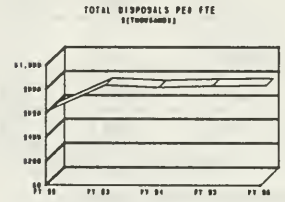


Figure 1

Asset utilization performance is measured by the number of surveys completed versus the goal. The survey results are used to make recommendations about properties not utilized, underutilized, or not being put to optimum use.

In keeping with the National Performance Review recommendation to optimize asset management, FPRS is refocusing and broadening its survey program. The surveys will focus on management improvement recommendations rather than the narrower disposal oriented perspective. We expect a continued upward trend in the number of surveys conducted which will result in improved asset management and utilization recommendations throughout the Government.

A six year trend is illustrated in Figure 2. The chart reflects the change in Fiscal Year 1991 from surveying many properties to surveying more valuable properties, resulting in a drop in surveys in fiscal year 1991. Fiscal year 1993 reflects the redirection to broaden the scope of the program and to ensure FPRS exercises to the full extent its policy and oversight responsibilities for improving asset management.

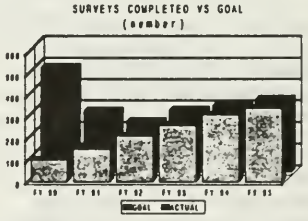


Figure 2

General Services Administration
OPERATING EXPENSES, GSA

GENERAL MANAGEMENT AND ADMINISTRATION
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Direct Program:				
General Management and Administration	$ 33,291	$ 31,435	$ 33,208	+ 1,773
Unobligated Balance Expiring	709	-	-	-
Total Budget Authority	$34,000	$ 31,435	$ 33,208	+ 1,773
Net Outlays	$28,785	$ 31,502	$ 31,194	+ 1,645
Employment (FTE)	297	290	323	+ 33

EXPLANATION OF ESTIMATES

Pay raises, including locality pay, have been absorbed within the amount requested. In addition the price increases for supplies, services, and RENT have been absorbed within the amount requested. The net difference of $1.8 million between the fiscal year 1994 appropriation and the fiscal year 1995 request of $33.2 million is due to: (1) a reduction in the fiscal year 1995 planning ceiling of $1.7 million due to mandatory targets imposed by the Omnibus Budget Reconciliation Act; and (2) an increase of $3.5 million as a result of the transfer of funding for four programs to the direct appropriation that were previously funded from the General Management and Administration Centralized Administrative Support reimbursable program.

The General Management and Administration (GMA) activities of GSA will continue to foster an environment for innovative ideas that empower employees, reduce costs, and provide greater customer service. They will also ensure GSA's implementation of recently signed Executive Orders to establish and implement customer service standards, streamline agency operations, and eliminate half of the internal regulations.

Consistent with the views and recommendation of the National Performance Review, the Office of Acquisition Policy will continue to work aggressively to reform and reduce Government-wide and agency-wide regulations, promote the use of commercial products, and look for ways to achieve better use of resources, especially automation.

In 1995, GSA is proposing to fund through the GMA portion of the direct OE GSA appropriation, four programs that are currently funded through the GMA internal reimbursable centralized administrative staff support account. They are Committee Management Secretariat, Administrative Support for Furnishing Congressional State and District Offices, Emergency Preparedness and Cooperative Administrative Support Units. The costs of these programs are currently distributed to GSA accounts and are therefore reflected in

the prices of GSA furnished goods and services. These programs would be more appropriately funded from the direct OE GSA appropriation because they are in support of externally focused activities rather than in support of GSA's internal administrative operations.

WORKLOAD MEASURES

The Board of Contract Appeals continued during FY 1993 to process its caseload with increasing success. It continued to meet tight, mandatory statutory time frames for deciding bid protests, and to process most appeals within reasonable time frames. The implementation of the recommendations of the National Performance Review, such as the revision of the Federal Acquisition Regulation (FAR) is likely to produce a substantial increase in the Board's already heavy workload. Workload measures for the Board of Contract Appeals are shown in the following table:

Board of Contract Appeals	FY 1993 Actual	FY 1994 Program	FY 1995 Estimate	Percent Change
1. Appeals				
a. Cases received	234	235	330	40%
b. Cases closed	280	280	330	18%
c. Cases pending	238	193	193	0%
2. Bid Protests				
a. Cases received	333	320	350	9%
b. Cases closed	340	320	350	9%
c. Cases pending	91	91	91	0%

General Services Administration
WORKING CAPITAL FUND

BACKGROUND

The Working Capital Fund (WCF) currently supports short run, fast turn-around printing and duplicating services provided to GSA and other agencies. Beginning in 1995 the Working Capital Fund will also include internal and external reimbursable activities previously funded through the General Management and Administration (GMA) account.

The internal reimbursable activity provides Centralized Administrative Support services that consist of personnel, administrative, financial and budgetary support, legal advice and services, procurement support, equal employment opportunity, graphic services and small business activities.

The external reimbursable activity provides a range of services to other agencies and commissions that includes budget, payroll, accounting, personnel, and training.

THE FY 1995 BUDGET IN BRIEF

The Working Capital Fund activities of GSA will continue to provide customers with timely, high quality administrative services, and participate in and promote Federal government "test labs" for innovative ideas that empower employees, reduce costs, and provide greater customer service. An example of a GSA innovation is the Telecommuting Center Program, that will permit employees who travel long distances to report to a telecommuting center one or more days a week as an alternative to a time and energy consuming commute.

HIGHLIGHTS

In order to be the provider of choice throughout the Federal Government, GSA will continue to support initiatives that improve customer service, cut red tape, empower employees, and provide investments in office technology. GSA will be challenged to right size the workforce while maintaining our agency mission to provide quality service to our customers.

Centralized Administrative Support

In providing centralized administrative support services to GSA Services and Staff Offices, the mission of the Staff Support offices reflects the agency-wide mission of providing quality service to the customers in a timely and cost effective manner to assist the customers in accomplishing their goals. This will be accomplished by building and training a high quality, diversified workforce.

Customer service will be strengthened overall through individual office improvement initiatives. Human resource issues such as: right sizing the agency workforce; supervisory span of control ratio; greater equal opportunity and diversity; and reducing agency personnel regulations will be addressed. The Office of the Chief Financial Officer is constructing an Information Strategic Plan for Financial Management to develop a long-range systems strategy and has established a financial management task force to improve the quality of financial reporting. These initiatives, in conjunction with improvements to procurement regulations, are being developed to enhance the quality of customer support.

General Services Administration
WORKING CAPITAL FUND

Printing and Duplicating

Program managers meet with customers, constantly review and evaluate automated processes and advanced technologies, and test related equipment which could assist in the execution of quality printing and reproduction services. Program managers also examine policies and regulations to enhance sound business decisions. We realize that in perfecting the quality of service, we can ensure the best value to the Federal government and the taxpayer.

External Reimbursable

The administrative services provided through this activity are similar in nature to those provided through the Centralized Administrative Support programs. The customers serviced through this activity will likewise benefit from the training and empowerment of the GSA workforce.

NEW DIRECTIONS

In 1995 we are proposing the restructuring of the Working Capital Fund to include the financing of the activities formerly reflected as reimbursable programs in the General Management and Administration account. While this action will consolidate support functions into a single account, it will not affect the current customer payment arrangements. Printing and duplicating services will continue to be financed from this account. This proposal is similar to working capital fund structures in other major agencies where consolidated support services are provided to agency program offices. New Working Capital Fund language follows the financial data.

RESOURCES

The Working Capital Fund estimates the income and expenses for FY 1995 will be $196,128 million. The total full-time equivalent (FTE) positions requested for all WCF activities is 2,212, a reduction of 91 FTE from the fiscal year 1994 request. The following provides information on income, expense, obligations and employment.

WORKING CAPITAL FUND
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Income	$ 180,420	$ 194,241	$ 196,128	+1,887
Expense	-$ 179,936	$ 194,241	$ 196,128	+1,887
Profit (Loss)	$ 987	$ 0	$ 0	$ 0
Total Obligations	$ 186,420	$ 194,241	$ 196,128	+1,887
Total Employment	2,293	2,303	2,212	- 91

General Services Administration
WORKING CAPITAL FUND

EXPLANATION OF ESTIMATES

The fiscal year 1995 budget request represents a net increase of $1.9 million over the previous year's resource level. Changes in the budget estimates between fiscal years 1994 and 1995 are a result of the following increases: $5.0 million in support of logistical and technical support for the 1996 Summer Olympics, and $387,000 primarily associated with operating costs for printing and duplication. These increases are offset by a reduction of $3.5 million which is a result of transferring 4 staff offices from the internal reimbursable activity to the Direct OE GSA appropriation discussed in that account.

WORKLOAD MEASURES

Workload measures are provided for the Offices of Administrative Programs and Support, Personnel, Regional Acquisition Management, activities of the Office of the Chief Financial Officer and the Printing and Duplicating program.

Centralized Administrative Support

Office of Administration

Office of Administration	FY 1993 Actual	FY 1994 Program	FY 1995 Request	Percent Change
Administrative Programs and Support				
a. Number of Congressional offices supported	1,419	1,426	1,430	.3%
b. Number of FOIA requests processed	4,200	4,300	4,400	2%
Personnel				
a. SF 50 actions processed 1/	33,531	40,000	40,000	0%

1/ Statistic has been expanded to include within grade increases for GS employees, and general pay increases for GM employees.

Regional Acquisition Management

Regional Acquisition Management	FY 1993 Actual	FY 1994 Program	FY 1995 Request	Percent Change
a. Pre and Post-award Contract Reviews 1/	1,120	525	525	0%
b. Procurement Management Reviews Completed	107	110	110	0%
c. Justifications (Competition in Contracting Act-CICA)	685	685	685	0%

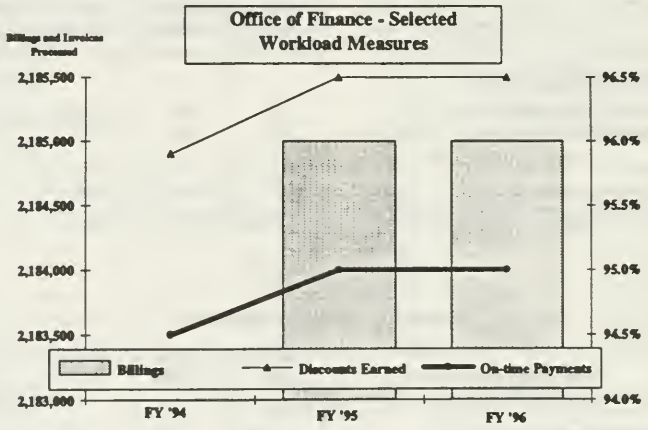
1/ GSA Acquisition Letter V-93-8 cancels the preaward contract clearance program.

General Services Administration
WORKING CAPITAL FUND

Office of the Chief Financial Officer

Office of the Chief Financial Officer	FY 1993 Actual	FY 1994 Program	FY 1995 Request	Percent Change
Financial Management and Accounting				
1. Discounts Earned	95.90%	96.50%	96.50%	0%
2. Interest paid per million disbursed	$49.43	$50.00	$50.00	0%
3. Percentage of employees paid by electronic funds transfer	83.00%	85.00%	85.00%	0%
4. Percentage of vendor payments made On time based on number of items	94.50%	95.00%	95.00%	0%
5. Invoices and Billings processed	2,181,096	2,185,000	2,185,000	0%
6. Average number of employees 1/	30,065	31,300	31,300	0%

1/ Number of employees payrolled including small agencies and commissions.

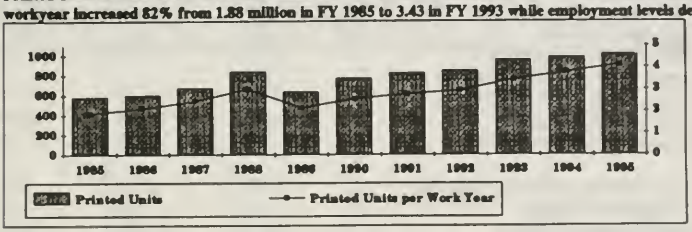


General Services Administration
WORKING CAPITAL FUND

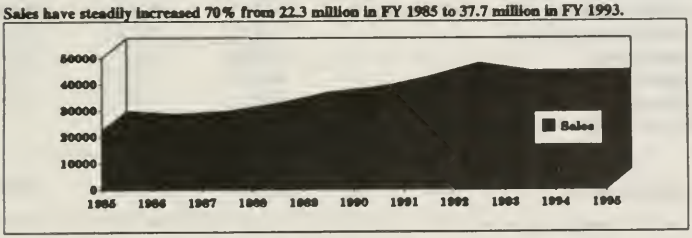
Printing and Duplicating

Customer satisfaction surveys and questionnaires are obtained on a regular basis to rate performance and evaluate customer needs. Other workload measures are ratio of printed units to employment levels, comparison of sales (historically) and gain/loss comparisons.

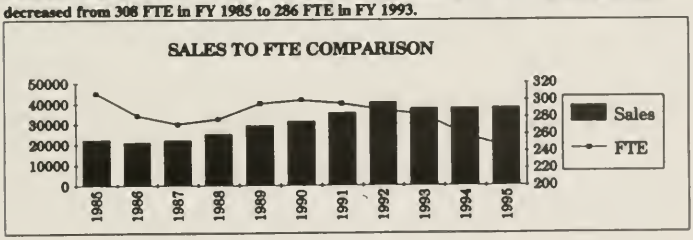
Printed units increased 63% from 580 million in FY 1985 to 949 million in FY 1993 and printed units per workyear increased 82% from 1.88 million in FY 1985 to 3.43 in FY 1993 while employment levels declined.



Sales have steadily increased 70% from 22.3 million in FY 1985 to 37.7 million in FY 1993.



Sales increased 70% from 22.3 million in FY 1985 to 37.7 million in FY 1993, while employment decreased from 308 FTE in FY 1985 to 286 FTE in FY 1993.



General Services Administration
WORKING CAPITAL FUND

WORKING CAPITAL FUND
Obligations by Object Class
$(Thousands)

		FY 1993 Actual	FY 1994 Current	FY 1995 Request
	Personnel Compensation:			
11.1	Full-time permanent	85,391	89,674	87,433
11.3	Other than permanent	1,689	1,677	1,679
11.5	Other personnel compensation	2,159	2,589	2,565
11.8	Special personal service payments	425	-	-
11.9	Total personnel compensation	89,664	93,940	91,677
12.1	Civilian personnel benefits	17,680	18,788	18,060
13.0	Benefits for former personnel	148	149	150
21.0	Travel and transportation of persons	1,569	1,943	1,761
22.0	Transportation of things	741	464	468
23.1	Rental payments to GSA	12,701	13,516	13,781
23.3	Communications, utilities, and misc charges	15,033	15,346	15,648
24.0	Printing and reproduction	5,965	6,212	6,269
25.2	Other services	27,198	34,821	39,124
26.0	Supplies and materials	8,136	7,335	7,444
31.0	Equipment	7,555	1,727	1,746
42.0	Insurance claims and indemnities	30	-	-
	Total Obligations	186,420	194,241	196,128

General Services Administration
WORKING CAPITAL FUND

APPROPRIATION LANGUAGE

Amounts received for administrative support services provided under this head shall be credited to an merged with the Fund, to remain available until expended, for operating costs and capital outlays of the Fund and for the necessary expenses of administrative support services including accounting, budget, personnel, legal support and other related services; and the maintenance and operation of printing and reproduction facilities in support of the functions of the General Services Administration, other Federal agencies, and other entities; and other such administrative and management services that the Administrator of GSA deems appropriate and advantageous (subject to prior notice to the Office of Management and Budget): Provided, That entities for which such services are performed shall be charged at rates which will return in full the cost of operations.

THURSDAY, FEBRUARY 24, 1994.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

WITNESSES

WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET

JON JORDAN, CONTROLLER, OFFICE OF ADMINISTRATION

INTRODUCTION

Mr. HOYER. The Treasury, Postal Service and General Government Committee will come to order.

We are pleased to have with us Mr. William Early, who will be testifying, on the accounts for the former Presidents. Is that correct?

Mr. EARLY. Yes, sir.

Mr. HOYER. If you have a statement, you may proceed.

Mr. EARLY. Yes, sir, I have a short statement.

I am pleased to have this opportunity to briefly summarize GSA's 1995 budget request for the Allowances and Office Staff for Former Presidents.

The Allowances and Office Staff for Former Presidents appropriation is authorized by the Former Presidents Act of 1958. It provides for an annual pension to each former President and to each widow of a former President. While the budget request for 1995 of $2,740,000 is $93,000 below last year's appropriation, it will provide for continued funding of entitlements under the law, such as pensions, the compensation of office staffs and related operating expenses for former Presidents Nixon, Ford, Carter, Reagan and Bush, as well as the pension and franking privileges for the widow of former President Johnson.

This completes my opening statement, Mr. Chairman. We will be pleased to respond to any questions that you may have.

[The prepared statement of Mr. Dennis Fischer follows:]

STATEMENT BY MR. DENNIS J. FISCHER
CHIEF FINANCIAL OFFICER, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT
OF THE HOUSE COMMITTEE ON APPROPRIATIONS

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to briefly summarize the General Services Administration's 1995 budget request for the Allowances and Office Staff for Former Presidents.

The Allowances and Office Staff for the Former Presidents appropriation is authorized by the Former Presidents Act, Public Law 85-745 (3 U.S.C. 102 note) of August 25, 1958, as amended. It provides for an annual pension, paid monthly to each former President and each widow of a former President. While the budget request for FY 1995 of $2,740,000 is $93,000 below the FY 1994 appropriation, it will provide for continued funding of entitlements under the law, such as, pensions, the compensation of office staffs and related operating expenses for former Presidents Nixon, Ford, Carter, Reagan and Bush, as well as the pension and franking privileges for the Widow of former President Johnson.

This completes my summary statement Mr. Chairman. We would be pleased to respond in greater detail to those areas of specific interest to the Subcommittee.

BUDGET DECREASES

Mr. HOYER. This request is $93,000 less than 1994?

Mr. EARLY. $93,000 less, yes, sir.

Mr. HOYER. What accounts for that decrease?

Mr. EARLY. Primarily the reductions overall to meet the budget caps that all of the agencies are reflected in codified reduction and administrative expenses.

Mr. HOYER. Okay. How is it distributed?

Mr. EARLY. It is——

Mr. HOYER. The pensions, obviously, are not effected. That is a given. That is a statutory given.

Mr. EARLY. That is correct.

Mr. HOYER. So it is essentially to staff and the office expenses. Is it all taken out of office expenses?

Mr. EARLY. It will be the expenses. The staff is authorized a dollar level and we budget for that each year. There and been no budget increases in that salary level since 1970.

Mr. HOYER. Okay.

EXPENSES AND BENEFITS

President Bush has approximately $54,000 more than the other Presidents. Is that because the time of transition is such that it reduces as time goes by, is that it? He is still within the framework of a higher allowances or is there another reason?

Mr. EARLY. I am sorry, you said Mr. Ford?

Mr. HOYER. Bush.

Mr. EARLY. Mr. Bush is entitled to a larger amount for his staff and office. The act permits the payment of staff salaries at $150,000 for the first 30 months that he is out of office. And then it drops to $96,000. He is the only one that has a higher allowance.

Mr. HOYER. Now, you have benefits for former personnel, pensions, $148,400. Can you tell me what that is?

Mr. EARLY. That is the pension that the former President receives. It is calculated at the amount that a Cabinet officer receives and is unchanged since January 10, 1993.

Mr. HOYER. All right.

Now Mrs. Johnson only gets $20,000?

Mr. EARLY. That is correct.

Mr. HOYER. Now, fortunately for her, it is not a question of personal worry about her welfare. However, it is the amount that is set for widows.

Mr. EARLY. That is correct. The act identifies a fixed amount for the pension for a widow. It was established in 1971.

Mr. HOYER. At the rate of $20,000?

Mr. EARLY. At the rate of $20,000, and there are no pay raise or inflation escalators. It is a fixed amount; it has been unchanged since 1971. It was initially established in 1958 at $10,000 and raised in 1971. It has not been changed since.

TRAVEL VARIANCES

Mr. HOYER. Okay. I note that the travel varies significantly. Why is that?

Mr. EARLY. We usually work with the staffs of the former Presidents on what they estimate their travel amounts will be. We have historically had it a little on the high side because we have had a travel limitation that they could not exceed. Otherwise, if they had some unexpected travel, they would not be able to accomplish it.

This Committee has removed that limitation. They have not been spending the amount that has been listed in the activity class for that travel. They have been spending less than that each year.

Mr. HOYER. The amounts continue to vary substantially. For example, the difference between President Ford and President Carter, is about $42,100.

Mr. EARLY. Some of that is related to the actual experience that they have had.

Take for example, Mr. Carter.

Mr. HOYER. President Carter travels a lot, but is that picked up by somebody else?

Mr. EARLY. That is correct. The former Presidents do not usually turn in travel vouchers to us for payment, so this is almost exclusively for the staff that may be accompanying them. Mr. Carter's staff has not vouchered with us or they do not travel with him.

The actual expenses for last year ranged from a low of $2,100 for Mr. Carter to—I am sorry. Actually, Mr. Carter charged us no travel for 1993. The largest amount of travel was $44,782 for another former President.

Mr. HOYER. That was for Mr. Reagan?

Mr. EARLY. Mr. Ford.

OFFICE SPACE

Mr. HOYER. Mr. Ford.

What about rental payments to GSA? Mr. Reagan's are higher than the next highest by approximately $200,000, or almost two-and-a-half times as large as the next highest. What explains that?

Mr. EARLY. There are two major factors in the cost of the office space. The major one is the cost per square foot, which is related to their location. Mr. Reagan is in downtown Los Angeles, and it is the highest cost per square foot. Mr. Carter is in the suburbs of Atlanta and has the lowest cost per square foot. One is almost three times the other on a cost per square foot charge.

The other is related to the size of the offices. Most of the former Presidents are fairly close. Mr. Reagan's is the largest.

Mr. HOYER. What are the sizes of those offices, just for comparison sake?

Mr. EARLY. The office space size for Mr. Reagan, being the largest, is 5,912 square feet. And the smallest is Mr. Ford's at 2,792 square feet.

Mr. HOYER. Okay. So they are still relatively small.

Mr. EARLY. Mr. Reagan's was established at a time that he could have more staff, the first 30 months out of office. Sometimes that space becomes smaller when staff leaves, to reduce the cost.

FORMER PRESIDENT AND WIDOW ENTITLEMENTS

Mr. HOYER. Now, is Mrs. Johnson entitled to any additional expenses beyond the $22,124 that is budgeted here? There are zeros indicated in all of the other items: personnel compensation, person-

nel benefits, travel, rental payments to GSA, et cetera. Is she entitled to any of those?

Mr. EARLY. The only entitlements under the Former Presidents Act itself are the pension and a compensation for the postal franking privilege. She still gets Secret Service protection. It is not in this account. These are the only charges that are authorized under this act.

Mr. HOYER. All right. I have no further questions.

Mr. Lightfoot.

BUDGET DECREASES

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

Good to see you again. Kind of like going to a movie. We walk in, and we pick right up with the preview.

Mr. EARLY. Hope it gets better over time.

Mr. LIGHTFOOT. Looking at the increase for 1994 as a result of adding former President Bush's expenses and then reduction out in 1995 being the result of nonrecurring expenses in that regard, are the other factors involved in reduced budget on this account—does that explain the differential in the numbers?

Mr. EARLY. Yes, it does. The 1994 request was larger than 1993 because we had a new former President. There was a full-year cost for that. In 1995, the base program is essentially the same, and we have some across-the-board administrative cost changes, but that is, essentially, the only change you see between 1994 and 1995.

Mr. LIGHTFOOT. Okay. Last year, there was a compromise on how we were going to phase Presidents out and so on. For the record, could you give us a chart or a breakdown that would show us how this whole thing for the phaseout of current Presidents is going to affect the budget in the next few years? Just to give us an idea where we may be going in terms of dollars spent in that area.

Mr. EARLY. The amendment that was agreed upon last year would remove for current former Presidents and their widows support for an office staff, everything except pensions, after five years from October 1, 1993. That would be 1998. We would have a budget request only for the pensions for the current former Presidents and widows. The budget for other costs would drop to zero.

Mr. Clinton and subsequent Presidents will have the full availability of this account only for five years from the time they leave office.

PARTISAN POLITICAL PROVISION

Mr. LIGHTFOOT. Okay. I have got three questions here from Mr. McDade that he asked us to ask for him.

Current law provides that none of the funds appropriated may be used for partisan political activities. It is proposed that this general provision be continued again in fiscal year 1995. And Mr. McDade is curious as to what guidelines are used to determine whether an activity is a partisan political one. How do Mr. Carter or Mr. Bush or any of them figure out what is partisan and what isn't?

Mr. EARLY. It is difficult. I will say that we certainly support the continuation of that provision. We do not find it affects us too much. It may assist us some since that has been the policy that

we have been following in administering this account. We have a good working relationship with the former President's staffs and they check with us about those kind of issues.

If a former President or a staff member is going to go make a speech at a university, we will pay for it. If he is going to go to a fund-raiser, we ask them to not send us that travel voucher. We try to handle these issues on the front end.

As we start up with each former President there may be a few requests that we have to reject. But, usually we work out a good working relationship to where we chat with them on the type of things that they are going to buy or the purpose of the travel so that we don't have to formally face those issues. We make it clear to them that, due to the nature of this account, all of their vouchers, all of their information, is of public record.

The press is usually very interested. They invariably come in and go over our files so they can write their stories. We alert the staff to that issue and it usually works out pretty well.

Mr. LIGHTFOOT. Is there a paper trail that the former Presidents try to establish so they can document that, you know, they have talked with you and said, okay, GSA told us that this is political so we have got to categorize this politically? Or they said it is okay, we can do this as an official kind of event? Is there——

I guess the question is maybe not if they are required but do they put together some kind of documentation so that if a reporter looks at your records and says, well, gee, President X went on this, it looks political, then they go to the next President X. Is there documentation, a paper trail, I guess?

Mr. EARLY. I think that is a mixed bag. I don't know what they do in their files. Many of those discussions are done informally with us, and we would not have that paper trail. There are occasions where they formally ask us for an opinion on issues, and we formally respond. There is clearly a paper trail then that we have had a dialogue on those issues.

Mr. LIGHTFOOT. So you do make opinions on request, and you work with them in that area?

Mr. EARLY. That we do.

Mr. LIGHTFOOT. Okay. Because I know it is really a gray area. And trying to determine sometimes what is what, is kind of like forecasting whether there is life on Mars, I guess.

Mr. EARLY. It surely is. They are all very sensitive in that once you have made the judgment call you can't turn back on it after it has been performed and documented. Anybody can raise questions, but you can't turn it around.

Mr. LIGHTFOOT. But they do come to you and seek advice on this sort of thing and you offer it?

Mr. EARLY. Yes, they do.

FUNDING MECHANISM

Mr. LIGHTFOOT. Okay. The way the funds are disbursed, do they get that in a lump sum, quarterly payments, monthly check, when they need it? What is the procedure on disbursing the money?

Mr. EARLY. We do our best to treat them like any other Federal activity. We provide them a funding document on a quarterly basis,

as we do all of our other accounts that come under the Anti-Deficiency Act.

We pay the bills, so they send them to us. There is a certified representative of the former President that signs and authorizes us to make payment. We review them and make payment just as we do for any other Federal obligation.

We have a single accounting system. They do not pay the bills directly. They do not get dollars or advance funding or anything like that.

It is just like the same way you run your office. They have a budget. We give them financial reports showing how they are doing against it. They have some limitations based upon the statute such as the number of people who can travel and the total dollar limitation on staff salaries.

Mr. LIGHTFOOT. Items, travel, some of those things would be reimbursements?

Mr. EARLY. If it is for the office expenses, we would pay the bills directly. It is only for personal travel where they would incur the expense and voucher for it. For the others, the bills are rendered directly.

They are charged rent like any other office, and, therefore, they don't pay utilities. They pay rent to GSA.

Mr. LIGHTFOOT. So from your first statement then, in essence, they are treated like the guy that works down at USDA or wherever?

Mr. EARLY. Absolutely.

Mr. LIGHTFOOT. Okay. Thanks, Bill.

STAFF AND SPACE

Mr. HOYER. Would you provide for us the information about the square footage. Do you have that list now?

Mr. EARLY. Yes, I do.

[The information follows:]

FORMER PRESIDENT'S STAFF AND SPACE
FY 1995

FORMER PRESIDENTS	STAFF OCCUPYING SPACE GSA FUNDED INCLUDING FORMER PRESIDENTS	STAFF OCCUPYING SPACE FUNDING SOURCE UNKNOWN	TOTAL STAFF OCCUPYING SPACE	OFFICE SPACE SQUARE FOOTAGE	OFFICE SPACE AVG COST PER SQU FT	OFFICE SPACE ANNUAL COST	OTHER SPACE SQUARE FOOTAGE 1/	OTHER SPACE AVG COST PER SQU FT	OTHER SPACE ANNUAL COST	GRAND TOTAL	FY 1995 BUDGET REQUEST
FORD	5	0	5	2,792	$27.15	$75,803	494	$33.89	$16,740	$92,542	$92,542
CARTER	10	3	13	4,305	$20.09	$86,496	0	$0.00	$0	$86,496	$86,496
NIXON	4	2	6	3,775	$40.11	$151,415	60	$71.22	$4,273	$155,688	$155,688
REAGAN	8	6	14	5,912	$58.98	$348,690	4,200	$4.23	$17,776	$366,466	$366,466
BUSH 2/	9	1	10	3,780	$27.34	$103,333	3,502	$13.32	$46,658	$149,991	$149,991
										$851,183	$851,183

1/ OTHER SPACE: SQUARE FOOTAGE EXPLANATION

REAGAN 4,200 PARKING
BUSH 3,000 PARKING

2/ No funding for an additional 40 volunteers that occupy space

General Services Administration
ALLOWANCES AND OFFICE STAFF, FORMER PRESIDENTS

	FY 1995 REQUEST						
	FORMER PRESIDENTS						
	NIXON	FORD	CARTER	REAGAN	BUSH	WIDOW JOHNSON	TOTAL
Personnel Compensation	$96,000	$96,000	$96,000	$96,000	$150,000	$0	$534,000
Personnel Benefits	25,200	20,160	5,000	31,680	45,750	0	127,790
Benefits for Former Personnel:							
Pensions	148,400	148,400	148,400	148,400	148,400	20,000	762,000
Travel	17,700	43,200	2,100	44,200	44,000	0	151,200
Rental Payments to GSA	155,688	92,542	86,496	366,466	149,991	0	851,183
Communications, Utilities, Miscellaneous charges							
Equipment Rental	3,300	0	0	0	0	0	3,300
Telephone	13,600	10,000	29,000	30,200	10,128	0	92,928
Postage	4,800	4,900	14,000	10,400	8,576	2,124	44,800
Printing	4,400	4,400	13,961	6,000	15,584	0	44,345
Other Services	1,300	16,570	12,510	14,942	13,584	0	58,906
Supplies & Materials	3,419	8,571	15,200	6,702	8,356	0	42,248
Equipment	1,000	1,000	20,300	3,000	2,000	0	27,300
Total Obligations	$474,807	$445,743	$442,967	$757,990	$596,369	$22,124	$2,740,000

TRAVEL COSTS

Mr. HOYER. The travel and transportation portion went from $65,000 in 1993 to $158,000, two and a half times, in fiscal year 1994. Why did we increase that so much? Was that all President Bush's, that increase?

Mr. EARLY. A large portion of that is going to be Mr. Bush in that he was not in the base. He spent $6,000 in 1993, but funds were available for him only for the last quarter of the year, in that being a transition year. In 1994, he was budgeted for $46,000 and in 1995, $44,000, so you can see a big—almost a $40,000 change there is because he is eligible for the first time on a full year basis in 1994.

Mr. HOYER. In fiscal year 1995 it is reduced. We had four former Presidents in 1993, right?

Mr. EARLY. I believe so.

Mr. HOYER. And you had $65,000 or approximately $16,000——

Mr. EARLY. Well, we had four in 1993 for nine months, and five for 12 months.

Mr. HOYER. 1993?

Mr. EARLY. In 1993, Mr. Bush was eligible in 1993 for three months.

Mr. HOYER. If that is the difference, then you had 4.3 into 65,000, if you do it pretty equally, which would give you $15,100 each. Now you have, two years later, more than a 200 percent increase.

If 1994, for instance, was the glitch because of the transition and travel and transportation of persons, what I am trying to get at—well, you see what I am trying to get at. A very substantial increase in one year for transition is understandable, getting everything back and forth and doing all that sort of thing. However, you continue that object class—21—at approximately two-and-a-half times or two-and-a-third times the fiscal year 1993 level. I was thinking, well, you have one additional President, so you add another $16,000 or so on the 1993 level and your base would be $81,000.

Mr. EARLY. Same numbers a different way. We show it goes from an actual of $65,000 in 1993 to $158,000 in 1994. There is a $40,000 increase because Mr. Bush wasn't there. That would bring the 65 up to 105. The funds that were available in 1993 that were unspent——

Mr. HOYER. Let me stop you there. If you add $40,000 because Mr. Bush wasn't there—but the remaining four spent $16,000 apiece. So Mr. Bush is spending two and a half times what the previous four did, assuming it is even?

Mr. EARLY. Well, the other part of it is the amount that was available in 1993 was unspent by $60,000.

Mr. HOYER. So there was only $5,000 spent?

Mr. EARLY. No, there was $126,000 available in the budget for 1993; $65,000 was spent. There was $60,000 unspent in that object class. And the former Presidents overall returned to the Treasury $138,000 unspent.

Mr. HOYER. Last year?

Mr. EARLY. The 1993, actual.

Mr. HOYER. Okay. What is the history of that? Can you give me 1991, 1992? Is there an average percentage of rebate? In other words, can we calculate safely the $151,000? These are low numbers, but I am interested. We get a lot of questions on the Floor about this.

If you cut it 10 percent is there going to make any difference or do you have usually an unspent amount? If you had $123,000 budgeted and you spent 65,000, that is $58,000 unobligated, right?

Mr. EARLY. $60,000 of the 138,000 was in the travel area that was unspent. We do usually have an unobligated balance in this account. They don't spend it all.

Mr. HOYER. What is the average percentage?

Mr. EARLY. I have to get that for you. I am going to say it is in the neighborhood of about $100,000 a year, but I will have to get that number for you.

Mr. HOYER. Okay.

Mr. EARLY. I would be concerned, if you did not provide the hundred thousand dollars—since we fund them like any other Federal office. We give it to them by office and an amount for each quarter of the year and tell them not to spend beyond what they have available. By having it in five different offices, we will always have an unobligated balance because we can't over spend.

I would worry about your reducing it too much in that they would have to apply it to their day-to-day operations.

Mr. HOYER. It is pretty small.

Mr. EARLY. It is very small.

Mr. HOYER. My inclination, as you know, has been for 13 years, 12 of which have been on this Committee, not to cut this at all. It is a small number. I think we play games with it. But you and I both know, you have watched the debate on the Floor, incredible interest in this account for all sorts of reasons.

I am just seeing where we have flexibility if we have, to respond to an amendment on the Floor from one of our Members. Where do we have the flexibility, to say we can cut another 2 percent or something without adversely affecting our former Presidents. I don't think they need to live like kings, but, on the other hand, they are in a different position than all the rest of us are in terms of the public's interest in them.

Okay. If you could let me have that.

Mr. EARLY. Yes, I will.

[The information follows:]

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

[In thousands of dollars]

	Enacted	Actual obligations	Unobligated balance expiring
Fiscal year:			
1993	2,386	2,247	139
1992	2,129	1,977	152
1991	1,964	1,815	149
1990	1,808	1,711	97
1989	1,431	1,248	183

OTHER OBJECT CLASSES

Mr. HOYER.

The other object class I looked at was printing and reproduction. Again, small figures, it was $19 million in 1993. Is that the actual expenditure? What was the appropriation?

Mr. EARLY. We made $61,000 available in our budget estimate and they obligated $19,000, Mr. Chairman. But, at the same time, there are other object class areas where they spent more than was budgeted. They do have that flexibility.

Mr. HOYER. What areas would those be?

Mr. EARLY. Well, in other services, where they would charge commercial contracts or magazine subscriptions, maintenance agreements on personal computers, and things like that. We planned on $50,000, and they spent $82,000. Some of the savings that they find in printing or travel they use in other areas where they are needed to run their office.

We try to adjust the budget periodically based on actual when working with them but, they have flexiliablity between object classes.

This account is so small and so stable that they normally do as much printing of letterheads and purchases of office supplies through the transition account as they can to last them for a good while because this account can't handle very much. As that stock gets used up, then we might start seeing some expenses, even though we know that we can't very well budget for increases in this account.

That is the reason I would be concerned if they do not have a little latitude between object classes when we compare actual to the budget.

Mr. HOYER. Okay. I have no further questions.

Mr. Lightfoot, any more questions about this account?

Mr. LIGHTFOOT. No, sir.

Mr. HOYER. If not, thank you, Bill. Appreciate it very much. We will insert the questions for the record and the justifications in the record at this point.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

Question. The FY 1995 Budget includes a request for a new (Title 5) general provision for the Former Presidents account. The provision states that no funds appropriated for this account may be used for partisan political activities. This is simply repeating the language contained in Section 626 of the FY 1994 Appropriations Act. The FY 1994 language was the result of an amendment adopted on the House floor. Why is the Administration requesting this amendment be repeated?

Answer. It is not submitted as a new general provision. The FY 1995 budget requests the deletion of this provision from the Government-wide General Provisions (Title 6) and that it be added to the Treasury Postal Service and General Government General Provisions (Title 5). This change is proposed because the general provision is applicable only to the General Services Administration rather than Government-wide. We support the continuation of the general provision because it reflects the policy we have followed in administering this account. This provision may assist us in the future since it is a clear expression of the intent of Congress regarding the administration of this account. Here-to-fore we have only had the legislative history of the Former Presidents Act to substantiate our policy in this area.

Question. The Congress is well aware of the need to separate expenditures such as campaign expenditures from office expenditures. What is the procedure used to separate campaign or political activity expenses for Former Presidents?

Answer. Each activity in question is handled on a case by case basis, usually informally. We discuss each issue that comes to our attention with the former President's staff and tell them whether they can or cannot charge the expenditure to this account. Specific questions that are addressed formally are provided a formal response.

Question. Have there been instances when appropriated funds have been used for political activities?

Answer. We are not aware of any instances where appropriated funds have been used for political activities.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

Question. Current law provides that "none of the funds appropriated may be used for partisan political activities." It is proposed that this general provision be continued again in FY 1995. Are former President's required to create and maintain records of activities which would distinguish between partisan and non-partisan political expenses? Do former Presidents receive guidance on creating and maintaining these records? Please describe.

Answer. The former Presidents are not required to create and maintain records of activities that would distinguish between partisan and non-partisan political expenses. Therefore, there is no guidance on creating and maintaining records. We respond to questions as they arise by providing the staff informal verbal guidance regarding the use of appropriated funds to ensure that they are not used for partisan political activities.

Question. Is this account audited by GAO?

Answer. There is no established schedule or routine frequency for auditing this account. Any GAO audit would be by specific Congressional request. The account was last audited by GAO in 1985, and the report was published September 26, 1985, as GAO Letter Report GGD-85-68. This audit was at the request of the Senate Appropriations Committee. While there have been no recent audits of this account by GAO, GSA's overall records are audited annually by a commercial auditing firm and we have received an unqualified opinion each year since 1988.

General Services Administration
ALLOWANCES AND OFFICE STAFF, FORMER PRESIDENTS

BACKGROUND

The appropriation for Allowances and Office Staff for former President's provides for an annual pension, mandatory by P.L. 85-745, as well as continued funding of entitlements, such as compensation of office staffs and other related operating expenses for each former President and for the pension and cost of franking privileges for the widow of former President Johnson.

THE FY 1995 BUDGET IN BRIEF

The FY 1995 budget request allows GSA to carry out the provisions of the Former Presidents Act at a level commensurate with that of the previous fiscal year. However, provisions in the FY 1994 Appropriations Act place a 5-year limitation on the allowances of each former President and the surviving spouse thereof, with the exception of mandatory entitlements for pensions only.

ALLOWANCES AND OFFICE STAFF, FORMER PRESIDENTS
$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY95/94 Change
Allowance & Pensions	$ 713	$ 762	$ 762	-
Office Staff	1,534	2,071	1,978	- $93
Unobligated balance expiring	139	0	0	-
Total Budget Authority	$ 2,386 1/	$2,833	$ 2,740	- $93
Net Outlays	$ 2,205	$ 2,820	$ 2,739	- $81

EXPLANATION OF ESTIMATES

The difference between the fiscal year 1994 appropriation of $2.833 million and the fiscal year 1995 request of $2.740 million, is a reduction in the fiscal year 1995 planning ceiling of $93,000 due to the mandatory targets imposed by the Omnibus Budget Reconciliation Act. In addition, cost increases for inflation, and RENT were not funded and have been absorbed within existing resources.

1/ The FY 1993 total reflects funding associated with the supplemental request for Former President Bush. ($194,000).

General Services Administration
ALLOWANCES AND OFFICE STAFF, FORMER PRESIDENTS

Obligations by Object Class
$(Thousands)

		FY 1993 Actual	FY 1994 Current	FY 1995 Request
	Personnel Compensation:			
11.8	Special personal service payments	399	531	535
11.9	Total personnel compensation	399	531	535
12.1	Civilian personnel benefits	84	123	128
13.0	Benefits for former personnel	713	762	762
21.0	Travel and transportation of persons	65	158	151
21.0	Motor pool travel	0	2	0
22.0	Transportation of things	0	4	0
23.1	Rental payments to GSA	682	824	851
23.3	Communications, utilities, and misc charges	138	185	141
24.0	Printing and reproduction	19	77	44
25.2	Other services	83	60	59
26.0	Supplies and materials	49	71	42
31.0	Equipment	15	36	27
	Total Obligations	2,247	2,833	2,740

General Services Administration
ALLOWANCES AND OFFICE STAFF, FORMER PRESIDENTS

	FY 1995 REQUEST						
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Total Obligations	$474,807	$445,743	$442,967	$757,990	$596,369	$22,124	$2,740,000

THURSDAY, FEBRUARY 24, 1994.

OFFICE OF INSPECTOR GENERAL

WITNESSES

WILLIAM R. BARTON, INSPECTOR GENERAL
EUGENE L. WASZILY, DEPUTY ASSISTANT INSPECTOR GENERAL FOR AUDITING
JAMES E. HENDERSON, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
JOEL S. GALLAY, COUNSEL TO THE INSPECTOR GENERAL
JAMES E. LEGETTE, ASSISTANT INSPECTOR GENERAL FOR ADMINISTRATION

INTRODUCTION

Mr. HOYER. We now have the Inspector General of the General Services Administration.

We appreciate you being here with us, Mr. Barton, and you can make such statement as you deem appropriate. Your entire statement, of course, will be included at the appropriate place in the record. You may proceed.

Mr. BARTON. All right. With your permission, Mr. Chairman, I have a short statement and then I will take questions.

Mr. HOYER. All right, sir.

SUMMARY STATEMENT OF MR. BARTON

Mr. BARTON. Mr. Chairman and Members of the subcommittee, thank you for the opportunity to appear before you today to talk about the Office of Inspector General's fiscal year 1995 proposed budget.

Mr. Chairman, fiscal year 1995 presents a year of challenges, not only for the administration and GSA but for the Office of Inspector General. The reduction in resources in our proposed fiscal year 1995 budget is a clear representation of fiscal realities: reduced resources in the face of increasing and changing demands on what we do and how we do it.

In the interests of time, let me summarize what we are doing and will continue to do within the constraints of our fiscal year 1995 budget: do more with less, work smarter and comply with the direction and spirit of the Vice President's National Performance Review.

During fiscal year 1995, we will:

Increase the use of program evaluations that will focus on GSA's major programs, internal control systems and financial management activity. These evaluations will provide management with more focused recommendations to improve GSA operations and services;

Work with GSA management and employees to increase their knowledge of efficient and effective management controls;

Work with GSA management to improve business practices and increase the quality and timeliness of GSA's services;

Work with GSA management and employees to increase their awareness of fraud to prevent and reduce its occurrence in GSA's programs and operations;

Continue our vigorous audit and investigative efforts to effectively identify and pursue criminal and civil actions against those who attempt to defraud the taxpayer;

And complete implementation of our management information system, made possible through the support of this subcommittee.

Through our audit and investigative efforts, we believe that we will be able to continue our record of a positive return on investment. For fiscal year 1995, we are projecting a rate of return of almost $6 for every $1 of appropriated funds. During fiscal year 1993, we produced over $400 million in actual recoveries or in management decisions to put funds to better use.

Mr. Chairman, this concludes my opening statement. I will be pleased to respond to questions from you and other Members of this subcommittee.

Mr. HOYER. Thank you very much.

[The prepared statement follows:]

STATEMENT OF WILLIAM R. BARTON
INSPECTOR GENERAL, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
OF THE HOUSE COMMITTEE ON APPROPRIATIONS
2-24-94

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO TALK ABOUT THE OFFICE OF INSPECTOR GENERAL'S FY 1995 PROPOSED BUDGET. ACCOMPANYING ME IS MR. EUGENE L. WASZILY, DEPUTY ASSISTANT INSPECTOR GENERAL FOR AUDITING; MR. JAMES E. HENDERSON, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS; MR. JOEL S. GALLAY, COUNSEL TO THE INSPECTOR GENERAL; AND, JAMES E. LE GETTE, ASSISTANT INSPECTOR GENERAL FOR ADMINISTRATION.

THE OFFICE OF INSPECTOR GENERAL WAS ESTABLISHED BY THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED. WE ARE AN INDEPENDENT ORGANIZATION WITHIN GSA. OUR MISSION, AS DEFINED BY THE ACT, IS TO CONDUCT AND SUPERVISE INDEPENDENT AND OBJECTIVE AUDITS AND INVESTIGATIONS RELATING TO GSA'S PROGRAMS AND OPERATIONS; PROMOTE ECONOMY AND EFFICIENCY WITHIN GSA; PREVENT AND DETECT FRAUD, WASTE AND MISMANAGEMENT IN GSA'S PROGRAMS AND OPERATIONS; REVIEW AND MAKE RECOMMENDATIONS REGARDING EXISTING AND PROPOSED LEGISLATION AND REGULATIONS RELATING TO GSA; AND KEEP THE ADMINISTRATOR AND CONGRESS FULLY INFORMED REGARDING SERIOUS PROBLEMS AND DEFICIENCIES WITHIN GSA'S PROGRAMS AND OPERATIONS.

OUR VISION IS TO BE RECOGNIZED WITHIN GSA, THE FEDERAL OVERSIGHT COMMUNITY AND THE CONGRESS AS THE LEADER AMONG OIGs IN PROTECTING THE INTERESTS OF THE GOVERNMENT AND THE PUBLIC AND TO BE RECOGNIZED FOR OUR DEDICATION, PROFESSIONALISM AND THE QUALITY OF OUR WORK.

MR. CHAIRMAN, OUR PROPOSED FY 1995 DIRECT APPROPRIATION IS $33,259,000 AND 400 FTEs. THIS REPRESENTS A REDUCTION FROM FY 1994 APPROVED LEVELS OF $1,666,000 AND 23 FTEs. CURRENTLY WE HAVE 413 STAFF MEMBERS; 91% OF WHOM ARE IN OUR OFFICES OF AUDITS, INVESTIGATIONS AND COUNSEL.

FY 1995 PRESENTS A YEAR OF CHALLENGES, NOT ONLY FOR THE ADMINISTRATION AND GSA, BUT FOR THE OFFICE OF INSPECTOR GENERAL. THE REDUCTION IN RESOURCES IN OUR PROPOSED FY 1995 BUDGET IS A CLEAR REPRESENTATION OF FISCAL REALITIES - REDUCED RESOURCES IN THE FACE OF INCREASING AND CHANGING DEMANDS ON WHAT WE DO AND HOW WE DO IT. WE HAVE MANY CHALLENGES FACING US. THE ENVIRONMENT IN WHICH THE FEDERAL GOVERNMENT OPERATES IS RAPIDLY CHANGING. THE TAXPAYER, CONGRESS AND AGENCIES THEMSELVES ARE DEMANDING MORE FOR LESS RESOURCES. THERE ARE INCREASING PRESSURES ON FEDERAL AGENCIES TO CHANGE HOW WE DO OUR BUSINESS AND HOW WE INTERACT WITH THE PUBLIC. WITH THIS IN MIND, WE ARE CONSTANTLY SEEKING WAYS TO DO MORE WITH LESS, WORK SMARTER, AND TO ALIGN OURSELVES WITH THE DIRECTION AND SPIRIT OF THE VICE PRESIDENT'S NATIONAL PERFORMANCE REVIEW. WITH

YOUR HELP AND THAT OF THIS SUBCOMMITTEE, WE STAND READY TO MEET THESE NEW CHALLENGES.

MR. CHAIRMAN, DURING FY 1995, THE OFFICE OF INSPECTOR GENERAL WILL:

- INCREASE THE USE OF INDEPENDENT PROGRAM EVALUATIONS THAT WILL FOCUS ON GSA'S MAJOR PROGRAMS, INTERNAL CONTROL SYSTEMS AND FINANCIAL MANAGEMENT ACTIVITIES. THESE EVALUATIONS WILL PROVIDE MANAGEMENT WITH MORE FOCUSED RECOMMENDATIONS TO IMPROVE GSA OPERATIONS AND SERVICES;

- WORK WITH GSA MANAGEMENT AND EMPLOYEES TO INCREASE THEIR KNOWLEDGE OF EFFICIENT AND EFFECTIVE MANAGEMENT CONTROLS TO HELP GSA SET THE STANDARD OF EXCELLENCE AND BECOME THE GOVERNMENT'S CENTER OF EXPERTISE FOR CUSTOMER SERVICE;

- WORK WITH GSA MANAGEMENT TO IMPROVE BUSINESS PRACTICES AND TO INCREASE THE QUALITY AND TIMELINESS OF GSA'S SERVICES;

- WORK WITH GSA MANAGEMENT AND EMPLOYEES TO INCREASE THEIR AWARENESS OF FRAUD IN ORDER TO PREVENT AND REDUCE ITS OCCURRENCE IN GSA'S PROGRAMS AND OPERATIONS; AND

- CONTINUE OUR VIGOROUS AUDIT AND INVESTIGATIVE EFFORTS TO EFFECTIVELY IDENTIFY AND PURSUE CRIMINAL AND CIVIL ACTIONS AGAINST THOSE WHO ATTEMPT TO DEFRAUD THE TAXPAYER.

- COMPLETE IMPLEMENTATION OF OUR MANAGEMENT INFORMATION SYSTEM, MADE POSSIBLE THROUGH THE SUPPORT OF THIS SUBCOMMITTEE; AND

- INCREASE COMPUTERIZATION TECHNIQUES USED BY OUR AUDIT AND INVESTIGATIONS STAFFS.

A MEASURE OF THE SUCCESS OF OUR EFFORTS IS THE HIGH DOLLAR RETURN IN RELATION TO OUR APPROPRIATED FUNDS. FOR THE PAST SEVERAL YEARS WE HAVE AVERAGED A RETURN OF BETWEEN $7-8 DOLLARS FOR EVERY DOLLAR APPROPRIATED TO US. THAT IS, FOR EVERY DOLLAR WE SPENT, WE RETURNED $7-8 DOLLARS IN ACTUAL RECOVERIES OR MANAGEMENT DECISIONS TO PUT FUNDS TO BETTER USE. LAST YEAR ALONE OUR AUDIT AND INVESTIGATIVE ACTIONS RESULTED IN OVER $33 MILLION DOLLARS IN ACTUAL RECOVERIES AND OVER $383 MILLION DOLLARS IN MANAGEMENT DECISIONS TO PUT FUNDS TO BETTER USE. WE ARE VERY PROUD OF THAT ACCOMPLISHMENT. FOR FY 1995 WE ARE PROJECTING A RATE OF RETURN OF ALMOST 6 TO 1. STILL A SIGNIFICANT RETURN, IT IS A DROP FROM PAST YEARS. THE PROJECTED DECREASE IS DUE IN PART TO AGENCY REINVENTION EFFORTS WHICH ARE FOCUSING ON STREAMLINING THE PROCUREMENT PROCESSES. MANY OF THE CONCEPTS BEING TESTED REDUCE THE NUMBERS OF AUDITS NEEDED TO SUPPORT PROCUREMENT OPERATIONS.

THE OFFICE OF AUDITS OVERALL FOCUS IS AIMED AT HELPING MANAGEMENT ACHIEVE MORE POSITIVE OUTCOMES, SUCH AS BETTER CUSTOMER SERVICE, LOWER COST OPERATIONS, LOWER CONTRACT PRICES, AND BETTER

SAFEGUARDING OF ASSETS. BENEFITS FROM THESE AUDITS AND EVALUATIONS ARE MORE QUALITATIVE IN NATURE AND OFTEN DO NOT LEND THEMSELVES TO SPECIFIC MEASUREMENT IN TERMS OF DOLLARS RETURNED.

THE OIG'S PRIMARY OPERATIONAL COMPONENTS CONSIST OF THE OFFICE OF AUDITS, THE OFFICE OF INVESTIGATIONS AND THE OFFICE OF COUNSEL TO THE INSPECTOR GENERAL. THESE OPERATIONAL OFFICES ARE SUPPORTED BY AN ADMINISTRATIVE AND COMPUTER STAFF WHICH PROVIDE BUDGET, PERSONNEL, PROCUREMENT, ADMINISTRATIVE, AND TECHNICAL SERVICES. WE ALSO HAVE A QUALITY MANAGEMENT STAFF WHICH IS SUPPORTING OUR EFFORTS TO IMPLEMENT A TOTAL QUALITY MANAGEMENT ENVIRONMENT.

AUDITS

THE OFFICE OF AUDITS IS A HIGHLY SKILLED, EVALUATIVE ORGANIZATION THAT APPLIES ITS PROFESSIONAL SKILLS IN EXAMINING GSA'S PROGRAMS, FINANCIAL SYSTEMS, AND CONTRACTUAL ARRANGEMENTS TO ENHANCE THE ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THESE ACTIVITIES.

OUR AUDIT EFFORTS ARE DIRECTED BOTH INTERNALLY AND EXTERNALLY. INTERNAL AUDITS EXAMINE AGENCY OPERATIONS AND PROGRAMS AND ADDRESS POTENTIAL VULNERABILITIES IN THESE OPERATIONS AND PROGRAMS. EXTERNAL AUDITS, ON THE OTHER HAND, FOCUS ON THE CONTRACTS GSA ADMINISTERS TO PROVIDE GOODS AND SERVICES TO ALL GOVERNMENT ACTIVITIES. THESE AUDITS PROVIDE GSA'S OFFICIALS WITH INFORMATION RELEVANT TO NEGOTIATION, AWARD, ADMINISTRATION, AND SETTLEMENT OF CONTRACTS.

FY 1995 WILL SEE A CONTINUATION IN OUR DELIBERATE MOVE FROM COMPLIANCE AUDITING TO BROADER PROGRAM, SYSTEMS ASSESSMENTS AND MANAGEMENT CONTROL REVIEWS.

INTERNALLY, WE WILL BE FOCUSING ON PROGRAM EVALUATION - ASSESSING HOW WELL GSA IS MEETING ITS MISSION AND IDENTIFYING AREAS FOR IMPROVEMENTS IN PROGRAM MANAGEMENT AND SERVICE DELIVERY. WE WILL WORK WITH MANAGEMENT SEEKING TO EMPHASIZE POSITIVE ASPECTS OF PROGRAM OPERATIONS, TO IDENTIFY AREAS FOR IMPROVING OPERATIONS AND TO FOCUS RECOMMENDATIONS ON IMPROVING OPERATIONS, REDUCING UNNECESSARY REGULATIONS, IMPROVING CUSTOMER SERVICE AND MINIMIZING COSTLY AND DUPLICATIVE PROCEDURES. WE WILL STRIVE TO USE OUR AUDITS OF FINANCIAL MANAGEMENT ACTIVITIES AND OUR OVERSIGHT OF FINANCIAL STATEMENT AUDITS TO IDENTIFY AREAS FOR FURTHER ANALYSIS AND TO ASSIST GSA MANAGERS TO IMPROVE FINANCIAL MANAGEMENT AND FINANCIAL REPORTING SYSTEMS. ALSO, INTERNALLY OUR AUDITS WILL EMPHASIZE THE TESTING OF MANAGEMENT CONTROLS AND SAFEGUARDS BUILT INTO PROGRAMS AND SYSTEMS TO ENSURE THEY FUNCTION AS INTENDED, AND THAT CONTROLS ARE WORKING AND ARE PROVIDING SAFEGUARDS OVER GSA'S VAST RESOURCES.

WHILE IT IS DIFFICULT TO QUANTIFY IN DOLLAR TERMS THE BENEFITS WHICH FLOW FROM OUR INTERNAL AUDIT EFFORT, IT IS CLEAR THAT OPERATIONAL AND PROGRAM IMPROVEMENTS DO RESULT. THESE

BENEFICIAL EFFECTS INCLUDE IMPROVEMENTS IN POLICIES OR PROCEDURES, IMPROVED MANAGEMENT CONTROL SYSTEMS, AND ENHANCE PROGRAM SERVICES.

THE RESULTS ACHIEVED BY OUR EXTERNAL AUDIT EFFORTS ARE MORE DIRECTLY MEASURABLE. HISTORICALLY, THE OFFICE OF AUDITS' HAS SUPPORTED CONTRACTING EFFORTS BY AUDITING BETWEEN $2-3 BILLION IN CONTRACT ACTIONS WHICH RESULT IN PRICING ADJUSTMENTS AND RECOVERIES IN THE RANGE OF $200-250 MILLION ANNUALLY. DURING FY 1995, WE EXPECT TO AUDIT CONTRACTS VALUED BETWEEN $1.3 AND $1.8 BILLION DOLLARS PRODUCING COST AVOIDANCES AND RECOVERIES BETWEEN $200-235 MILLION. IT IS IMPORTANT TO NOTE HERE THAT THESE PROJECTED RECOVERIES AND PRICE ADJUSTMENTS ARE NOT JUST GSA FUNDS; MANY OF GSA CONTRACT'S ARE FOR USE BY ALL GOVERNMENT AGENCIES, DOLLAR RECOVERIES AND SAVINGS ARE GOVERNMENTWIDE.

DURING FY 1995 WE WILL CONTINUE TO DEVOTE A SIGNIFICANT PART OF OUR AUDIT EFFORT TO EXTERNAL OR CONTRACT AUDITING. EACH YEAR, GSA ISSUES SEVERAL THOUSAND CONTRACTS FOR BILLIONS OF DOLLARS WORTH OF EQUIPMENT, SUPPLIES, MATERIALS AND SERVICES FOR USE THROUGHOUT THE FEDERAL GOVERNMENT. BY REGULATION OR STATUTE, WE ARE REQUIRED TO CONSIDER AN AVERAGE OF 3,000 OF THESE CONTRACTS FOR AUDIT EACH YEAR. WE HAVE HISTORICALLY AUDITED ABOUT 450 OF THE LARGEST CONTRACTS ANNUALLY. CONTRACTS ARE AUDITED BEFORE OR AFTER AWARD, DEPENDING UPON AVAILABILITY OF RESOURCES, PRIOR HISTORY WITH THE COMPANY, AND REGULATED DOLLAR THRESHOLDS. OUR CONTRACT AUDITS INCLUDE: REVIEWING CONTRACTORS PRICING PROPOSALS TO ENSURE THAT COSTS ARE ALLOWABLE, ALLOCABLE AND REASONABLE; REVIEWING CONTRACTOR'S SALES, DISCOUNT AND MARKETING DATA TO ENSURE THAT THE REQUIRED INFORMATION IS RECEIVED AND THE GOVERNMENT IS GETTING THE BEST POSSIBLE PRICE; AND, REVIEWING FEDERAL BUILDING CONSTRUCTION CONTRACTS, CLAIMS AND REPAIR AND ALTERATION CONTRACTS TO ENSURE COSTS ARE NOT MISALLOCATED, OVERCHARGED OR UNALLOWABLE.

ANOTHER IMPORTANT PART OF OUR AUDIT RESPONSIBILITIES INCLUDES OVERSIGHT OF THE AUDIT OF GSA'S FINANCIAL STATEMENTS. THE CHIEF FINANCIAL OFFICERS ACT OF 1990 REQUIRES THE OIG TO ENSURE THAT AN AUDIT OF THE GSA'S CONSOLIDATED FINANCIAL STATEMENTS IS CONDUCTED ANNUALLY. TO FULFILL OUR RESPONSIBILITY, THE OIG SERVES AS GSA'S CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE AND IS RESPONSIBLE FOR OVERSEEING THE CPA FIRM'S PERFORMANCE OF THE CONTRACT.

WE ALSO RECOGNIZE THAT CHANGING PRIORITIES AND NEW ISSUES MAY AFFECT THE EXTENT TO WHICH OUR AUDIT GOALS CAN BE IMPLEMENTED. WE PLAN TO CONTINUE WORKING CLOSELY WITH GSA MANAGERS TO IDENTIFY THE AREAS WHICH NEED THE INDEPENDENT AND OBJECTIVE STUDY BY THE OFFICE OF INSPECTOR GENERAL AND TO ENHANCE OUR SHARED COMMITMENT TO IMPROVING PROGRAM OPERATIONS AND EFFECTIVENESS.

INVESTIGATIONS

THE OIG'S INVESTIGATIVE EFFORT WILL CONTINUE TO CENTER AROUND THE PREVENTION AND DETECTION OF ILLEGAL AND/OR IMPROPER ACTIVITIES INVOLVING GSA PROGRAMS, OPERATIONS, AND PERSONNEL. WE WILL STRIVE

TO AID GSA MANAGEMENT TO IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF THESE ACTIVITIES BY IDENTIFYING SYSTEMIC, PROGRAM AND PROCEDURAL WEAKNESSES AND RECOMMEND WAYS TO PREVENT PROGRAM ABUSE. WE WILL WORK CLOSELY WITH GSA MANAGERS, EMPLOYEES, GOVERNMENT CONTRACTORS AND THE GENERAL PUBLIC TO FOCUS OUR INVESTIGATIVE RESOURCES ON THE AREAS OF GREATEST VULNERABILITY, TO IDENTIFY CONTROL DEFICIENCIES AND TO FACILITATE POSITIVE CHANGE. BASED ON OUR INVESTIGATIVE WORK, WE WILL MAKE CRIMINAL AND CIVIL REFERRALS TO THE DEPARTMENT OF JUSTICE FOR LITIGATION CONSIDERATION AND ADMINISTRATIVE REFERRALS TO THE AGENCY FOR MANAGEMENT ACTION.

DURING FY 1995 WE WILL COMMIT A HIGHER PERCENTAGE OF OUR INVESTIGATIVE RESOURCES TO NATIONAL PROACTIVE INVESTIGATIONS TARGETING CONTRACTORS AND SUPPLIERS ENGAGING IN ILLEGAL PRACTICES.

IN ADDITION, MR. CHAIRMAN, WE BELIEVE THE EDUCATION OF GSA EMPLOYEES ON THEIR INDIVIDUAL RESPONSIBILITIES FOR PREVENTING FRAUD AND ABUSE AND HELPING TO ENSURE THE INTEGRITY OF GSA'S OPERATIONS IS ONE OF OUR MAJOR RESPONSIBILITIES. WE WILL CONTINUE OUR INTEGRITY AWARENESS BRIEFINGS FOR GSA EMPLOYEES. DURING FY 1993 WE CONDUCTED THESE AWARENESS BRIEFINGS FOR OVER 1000 GSA EMPLOYEES.

WE ALSO OPERATE A 24-HOUR HOTLINE TO RECEIVE ALLEGATIONS AND COMPLAINTS RELATIVE TO GSA OPERATIONS NATIONWIDE. THE HOTLINE OFFERS A MEANS FOR INDIVIDUALS TO PROVIDE INFORMATION ON SUSPECTED FRAUD, WASTE, AND MISMANAGEMENT IN GSA PROGRAMS AND ACTIVITIES.

SUPPORTING OUR AUDIT AND INVESTIGATIVE EFFORTS, WE ALSO HAVE A SMALL STAFF OF LAWYERS WHO PROVIDE LEGAL ADVICE AND REPRESENTATION, REVIEW AND COMMENT ON LEGISLATION, AND ARE AN INTEGRAL PART OF OUR EFFORTS TO PURSUE PROSECUTIONS AND RECOVERIES, ESPECIALLY IN THE AREA OF CIVIL FRAUD LITIGATION. WE WILL CONTINUE TO DEVOTE OUR LEGAL EXPERTISE TO OUR AGGRESSIVE CONTRACTOR FRAUD PROGRAM WHICH FOCUSES ON CONTRACTORS IN THE MULTIPLE AWARD SCHEDULE PROGRAM WHO MISLEAD OR MISREPRESENT FINANCIAL INFORMATION TO GSA CONTRACTING OFFICIALS. OUR LAWYERS, AUDITORS AND, INVESTIGATORS WILL CONTINUE WORKING CLOSELY WITH THE DEPARTMENT OF JUSTICE TO BRING ACTIONS AGAINST CONTRACTORS UNDER THE FALSE CLAIMS ACT. LAST YEAR OUR RECOVERIES IN THIS AREA AMOUNTED TO OVER $22 MILLION DOLLARS.

MR. CHAIRMAN, WE HAVE MANY CHALLENGES FACING US IN THE YEARS AHEAD. WITH YOUR CONTINUED SUPPORT AND THE DEDICATION OF OUR OIG EMPLOYEES, WE WILL SUCCEED.

PROGRAM EVALUATIONS

Mr. HOYER. Mr. Barton, the National Performance Review recommends a broader approach, as you have pointed out, for the Inspector General. The NPR recommends moving from strict compliance auditing to evaluating management control systems. Now you referenced that. Would you expand upon that? What are you doing to implement those recommendations?

Mr. BARTON. We have been in the process probably in the last two or three years of doing more program evaluations and fewer compliance audits. For example, we did an agency wide audit on procurement and found instances where contractors are not giving GSA the best prices. We have encouraged the Agency to change some of their methods of procurement. Some of these changes are going to take legislative action, by the way, too.

Mr. HOYER. Were you here yesterday, Mr. Barton, by any chance?

Mr. BARTON. I was here when the Administrator was here, yes, sir.

Mr. HOYER. Okay. You didn't hear the testimony then of Mr. Joe Thompson?

Mr. BARTON. No, sir.

Mr. HOYER. He indicated that in procuring goods with a value of approximately $17 billion, in instances GAO found that GSA overpaid in comparison with similar purchases made by such States as Texas. There was a net savings, as I recall of about $913 million, from their computations, and the savings they affected over prices that otherwise would have been paid.

Obviously, there is a net figure because it is something since we overpaid. Was that a result of some of your work that you just talked about?

Mr. BARTON. I would think so, because we have made some recommendations which management has accepted—our recommendations on savings, on procurements.

Mr. HOYER. I didn't mean the savings. I understand what you are saying there. What I was really asking, did you make the computations? In other words, are you—in terms of the representation of savings of $913 million in our procurement process, is that a figure that you can sustain yourself, that you would say, yes, that is the figure?

Mr. BARTON. Well, I don't know. What did the $900 million represent—how many years? Was it one year?

Mr. HOYER. I think that there was a one-year savings. It was a one-year savings.

Mr. BARTON. I think we could probably sustain in our audits probably—what—about 400—300 to 400 million.

Mr. HOYER. Okay. Would you submit for the record? Because I then would like to ask Mr. Thompson, so we know what we are comparing. Both figures may be correct, but we may be comparing apples and oranges here.

Mr. Early heard that testimony yesterday. In this procurement reform Congress is considering, one of the things we ought to do is find out where do we start. What are we saving now? And if we have procurement reform, how much more do we save? But if we

don't know where we start, we won't know where we are. If you can provide that for us, it would help.

Mr. BARTON. I will do that.

[The information follows:]

IRMS'S SUBSTAINED SAVINGS

I believe that Mr. Thompson's statement regarding savings relates to the overall efficiencies gained by operating the Information Resources Management Service's (IRMS) centralized procurement system. These savings come from two primary sources. First, GSA can leverage on the Government's volume buying power to lower purchase prices. Secondly, because all agencies can use the GSA established contracts, this greatly reduces their administrative and procurement costs.

Accordingly, the savings that Mr. Thompson referred to are not directly comparable to the savings I have been taking about but, they are in part related. Some of the savings reported by IRMS as the result of lower contract prices were achieved based on information developed in contract audit reports and provided to contracting officers to help them negotiate better prices. For example, in Fiscal Year 1993 contract audit reports on IRMS proposals helped contracting officers lower price agreements by $106 million. I'm sure this amount is included in the $913 million cited by Mr. Thompson but you can see, his savings figure encompasses more elements than the work of our offices.

ROLE OF THE INSPECTOR GENERAL

Mr. HOYER. I interrupted you.

Mr. BARTON. No. We have done some work with most of the other agencies. We have gone to the various services, volunteering our services. And it has been a little bit difficult because it is kind of like inviting the fox into the chicken coop. But we are beginning to do some of this work, evaluating how they do their processes and recommend——

Mr. HOYER. Mr. Barton, let me pursue the "fox in the chicken house" concept a little bit.

One of the concerns that has been expressed by some Federal employees I have talked to is that one of the problems with the Office of Inspector General is that everybody is looking over their shoulder. In NPR there is discussion about entrepreneurial spirit which, as I have said so many times in this forum and others, implies risk. Risk implies that you don't always win or else it would not be a risk by definition.

Federal employees in particular know that if there is a loss, not necessarily in terms of dollars but a program that doesn't work, those dollars they wasted—a purchased item that was an opportunity to purchase didn't work out. In government we don't have a tendency to shrug our shoulders and say that will happen and move on. We have a tendency to want to investigate, want to have a report done and withdraw funds from that program.

One of the concerns is the Inspector Generals are inhibiting entrepreneurial spirit and risk taking because of everybody's concern about covering themselves for the future. Can you comment on that? Do you think that is a problem that perhaps is the case?

Mr. BARTON. All right. I think, going back to when the IG act first came into being, about 1978, the strengths of the IG caused them to go into compliance audit. There was a lot of scandal going on. And I think compliance auditing is probably the easiest way to do audits. You know, you either—you are either black or you are white. It is either right or wrong, and you just mark this line.

I think the harder one is to do the program evaluation, where you have to go in and look at the operation itself, make recommendations to management and have some expertise in that area to make those kind of recommendations and, hopefully, the management will take them on. I am losing my track there. But——

Mr. HOYER. As an example, I had somebody tell me, "if you have everybody, the heads of the agency all around, and the Inspector General is in the room, everybody is going to be very, very careful about what they say."

And you are not going to get any really sort of innovative ideas or even expressions that this is what we are trying do and it didn't work because folks are afraid that they will have the Inspector General, who is independent and not necessarily task or goal oriented but, as you say, compliance audit directed and will, in effect, inhibit both discussion—but, more importantly, inhibit actions that may result in real gains but are risks.

Mr. BARTON. My view is that the Inspector General ought to be able to permit some of these risk takings to go on, with a proviso that, of course, you did not break a law in doing it. And even if they would come to us and ask about a regulation—to get some advice from us whether this regulation would inhibit the law.

I think our concern really is the taxpayer, which is your concern and this Committee's concern. That is our main concern: the law is not broken and that we wasted the people's money. I think we can afford to take those risks, but there has to be some accountability by the people taking those risks.

But it does inhibit because we are looking over their shoulder. And we would rather come in before, but then that puts us at a risk that—all right. We come in before and say, okay, this is great. And then we can't go back in and change our mind later on and find out it is not working.

So we have to play this thing. It is kind of like being on a barbed wire fence. We want to do what we are supposed to do under the IG act, but we also have to help the agency. And we are—I think we are making some progress in this agency.

Mr. HOYER. Well, the American public or some of our friends say that government ought to work more like business. The fact is, of course, a large, large number of businesses fail every year because they took a risk and it didn't work out. Frankly, that is what we want them to do, because you are never going to have real successes if you don't take the risk.

In government, however, we are really risk adverse, because the consequences of even small failures are very large in government. Inspector Generals, it seems to me, have to make the judgment that there was not fraud, waste, abuse or criminal activity here, just that the program didn't work out, but it was worth the try.

Let me yield I have some additional questions about your budget, but let me yield to Mr. Lightfoot.

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

Mr. Barton, good to see you today. I like those 32 caliber cuff links you've got on today.

Mr. BARTON. I use this in my office, sir, to keep them at bay.

Mr. LIGHTFOOT. You don't show them the belt buckle.

In your statement, you said, our proposed fiscal year 1995 direct appropriation of $33,259,000, 403 FTEs, represents a reduction of fiscal year 1994 approved levels of $1,666,000 and 20 FTEs. Then you went on, saying you have got 413 staff members and so on. Why did you ask for the reduction, I guess, is the question?

Mr. BARTON. I didn't.

Mr. LIGHTFOOT. What was the motivation?

Mr. BARTON. I think it was the Budget Act reconciliation that probably prompted that percentage, 1.6 million, and also the reduction coming in for the lowering of the number of Federal personnel, a little bit of each.

Mr. LIGHTFOOT. With reductions and the emphasis on management reform, if I am hearing correctly here, how is that going to affect the audits? Assuming that the audits are the source of where we save money and we find things that are not working as we anticipated, is that going to have a negative impact on the number of audits you are going to be able to do? What do you think it will do on the number of dollars we can save?

Mr. BARTON. I would visualize that probably the number of procurement type contract audits would probably decrease because of the limiting number of procurements that are going through that would need audit coverage.

But I see also, through the reinvention of government, that we would probably be doing more internal type audits, looking at programs, to see that something has not dropped through that we should have picked up or to assist the agency in doing their work better.

There is no monetary recovery from that type of an audit. So my sense is that the cash savings will drop a little bit, I think, from 400 million to 300 million, somewhere in that area.

Mr. LIGHTFOOT. Okay. The budget you brought to us today, is this the same one that you took to OMB or——

Mr. BARTON. Yes.

Mr. LIGHTFOOT. They are the same?

As you know, we all want to see government be as efficient as possible. Going back to the other question, on the savings, looking at the programmatic side of it rather than the actual audit side of it, do you foresee down the road that this will offer us any savings? I know that is a difficult one to answer, and it is more speculative than fact.

Mr. BARTON. Yes. I could see savings if we were to help them on efficiency and become more effective and do their business with less people and less money.

Mr. LIGHTFOOT. Then will you be making recommendations. If you come in and say audit my office and say, this young lady over here would be a lot more effective if she were helping out with this job you will get that specific with them?

Mr. BARTON. Right. We make recommendations, if they were required and they go into a resolution process, which they would have to follow up on.

Mr. LIGHTFOOT. Do you think you have got the expertise within your office to do that now or are you going to have to get some outside help or are you going to try to develop that expertise?

Mr. BARTON. Yes. We are developing it from within.

We had—as I told the Chairman, we had a lot of auditors that do compliance auditing, and we are putting them through training programs to develop more expertise in the other areas of the operation so that they can do the other type audits. But I think we can do that from within. Pretty intelligent people.

Mr. LIGHTFOOT. So you are basically expanding their skill level then, taking it from just number crunchers to taking it to an ability to make recommendations about business practices?

Mr. BARTON. Yes.

Mr. HOYER. Mr. Wolf.

Mr. WOLF. I thank you, Mr. Chairman.

Hi, Mr. Barton. I am a little bit concerned that your budget is being cut, to be honest with you. If I recall—and I may not be right—there was another time when I spoke to you or at the hearing or that you were looking to add people on at one time. Does my memory serve me?

Mr. BARTON. Yes.

Mr. WOLF. Yes. And the world hasn't really changed.

And if my memory serves me that GSA over the last 40 years has had some relatively serious criminal activity of kickbacks and things like that, is that not accurate?

Mr. BARTON. Yes.

Mr. WOLF. Would you just submit that for the record so we know?

[The information follows:]

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
FTE'S/APPROPRIATIONS/SAVINGS
Fiscal Years 1978 through 1995

Fiscal Year	FTE	Appropriation ($Thousands)	Management Decisions and Other Savings Achieved ($000)
1978	233	7,105	Unknown[1]
1979	383	10,016	Unknown
1980	569	18,874	Unknown
1981	531	20,806	Unknown
1982	511	18,183	Unknown
1983	466	19,200	129,400[4]
1984	466	19,686	255,359
1985	501	21,473	169,722
1986	440	19,305	154,459
1987	452	21,108	267,438
1988	452	24,334	221,510
1989	452	25,000	236,191
1990	425	26,500[2]	244,654
1991	435	30,997	254,282
1992	435	35,994[3]	345,589
1993	435	34,748	416,289
1994	423	34,925	250,000[5]
1995	400[5]	33,259[5]	230,000[5]

[1]This information is not available for 1978-1982. During this time, The Office of Inspector General was evolving from an Office of Audits within an Administrative unit to a separate entity as called for in the 1978 Inspector General Act. Also, accounting and reporting definitions changed and a formal Tracking System was not put in place until FY 1984.
[2]Subsequently reduced to $26,136 by Gramm - Rudman cut of $364.
[3]Subsequently reduced to $35,891 by Travel Reduction P.L. 102-141 of $103.
[4]Estimate
[5]Projected

Mr. WOLF. I know this happens to any administration—I mean, you deal with goods and services and things like that. The only way we were really able to stop the CIA moving out of this area to another area was really using the IG. Were you active in that? We had spoken to you briefly, I remember, but I don't remember how much—you got involved in the Navy move, I remember.

Mr. BARTON. Yes. Right. Yes.

Mr. WOLF. But if we had not had an independent IG at the CIA, we would have never been able to stop the process. Because we got somebody who was not under the direct line of the Administrator or the Director of central intelligence who was able to give us an honest answer. We couldn't even get the information out of the CIA.

Our government—the Soviets got more information based on this counterintelligence thing than we were able to get up here on Capitol Hill. And I don't mean that as a joke. I mean it seriously. It was all done under a black box, and I couldn't get it.

And I tell the Chairman, had it not been for the IG—now the Chairman has a point. If you could somehow have creativity opportunities—just because someone fails that is not fraud, waste and abuse. But I don't think you can really do without the IG.

And we had another example today in my other committee at transportation. They wanted to send a political person to sit up with the IG. Well, I think that is chilling. I think to have a political person from the Budget office, Secretary's office, to sit with the IG, is chilling.

And so I think, one, this is disturbing that you are being cut; and, two, I think we got to be careful. Because, in the type of business that you are in, a lot of things can happen that are not very good. I wonder if you have any comment.

The other point I would make is on the air systems, the AAS system, at the Federal Aviation. Lynn Helms announced 10 years ago that it was going to cost $2.5 billion. I was on the Public Works Committee then. We are still arguing now. It is up to 6 or $7 billion, and it won't be finished now until the year 2004. Well, I think had there been more aggressive oversight on that by an IG maybe at that time it would have been helpful.

So I think what you do is important, whether it be a Republican administration or a Democratic administration because most of the problems you go after and find are really not political in the sense. I think it is basically people do things that they shouldn't do or kind of get caught on a wrong path and don't really change.

So I think the IG system is good. I don't think we should cut your budget. And I guess maybe I just ask if you have any comments.

Mr. BARTON. Well, you know, we are a player in the budget process, and we have to, you know, take the cuts where they come. And what we have to do is decide what we are going to do differently when we go back. And some of the things that we are doing now we may not be able to do later on. Some of the audits that we are doing today we may not be able to do. So we are going to have to

be very selective, and we are going to have to decide by priority what we are going to do.

Mr. WOLF. Well, I know—you know, I am concerned in my other committee. The one, Office at Transportation, that has been cut, is the IG. All the other offices have stayed the same or gone up.

And I know the IG at Transportation has been very critical—she was very critical during the Bush administration of a lot of things that were going on and, apparently, has been very critical with regard to what is going on over at FAA. I have read——

Mr. Chairman, if I can just suggest something. Maybe you already do it. I think it would be helpful for you and the Ranking Member to request for all of the IG reports that come out, that they, as a rule, come to the committee.

I get all the IG reports that come out in Transportation, and some of the things that I have seen have been shocking. No need to spread it on the record, but I would be glad to share it with you. People using airplanes and doing things that people never even possibly thought could take place. And so I have found it helpful at Transportation to have the IG on a regular basis just give me a copy of everything that has come out.

And what I have done in the different agencies—for instance, the FAA administrator. I have asked him to take all them home one weekend and look at them.

And my sense is until we were asking the different administrators to look at them, that maybe just a staff person was saying, well, you know, this happened but, they weren't looking at them.

So just to collect them and take them home. Mr. Early could take all the reports home. Maybe there is only one. Maybe there are three. It doesn't mean fraud, waste and abuse, criminal activity. It is just to review.

And I think it would be helpful for you and Mr. Lightfoot just to get all the reports. You don't have to make them public, but you look, and it gives you a good sense of what is going on in the agencies. I found it very, very helpful in DOT.

Mr. LIGHTFOOT. Are you saying the FAA is making the Post Office look efficient?

Mr. WOLF. Well, I don't want to go on the record.

I will tell you what we found. We found things that—and they happened in a Republican administration—things that——

One thing has bothered me so much. They just kind of let this thing go. And so—I don't know how much resentment there is in your agency to you. I am sure there is not to you personally. There must be a little bit with regard to your agency.

Mr. BARTON. Actually, I think we probably have a very good relationship in the GSA. There are some people that, depending on whether or not we hit them during the process, we don't get any good marks from them.

But it was kind of interesting, when the Vice President was having his visits at the various agencies, that most of the agencies, they had people speaking against the IG. And take a little bow from my people, but when he came to GSA there was no remarks. So I think we are trying to do a good job.

Mr. WOLF. Well, if we could just for the record see those list of major cases that have taken place over the years, just to get some

sense. And I guess that would give us some sense of what you found or didn't find or why it is important that you be around.

Although I guess some of them would have been found by Justice and not just by IG, because a number have come long before you came in existence. But it would still give us some sense of the type of activity that potentially could go on if you are not always careful watching the store.

[The information follows:]

List of Major Cases Worked Over the Past Several Years

The following General Services Administration, Office of Inspector General Investigations describe the major types of investigations conducted by the Office of Investigations. These investigations fall within three broad categories:

A. Defective Pricing/Civil False Claims Investigations

B. Criminal Fraud Investigations

C. Bribery and Gratuities Investigations

Our principal investigative objective is to uncover fraud violations of U.S. from occurring in GSA's procurement, leasing and contracting functions and to ensure the integrity of government and personnel assigned to carry out these functions.

A. Defective Pricing/Civil False Claims Investigations

1. 170228 - $10,950,000 SETTLEMENT

In June 1991, a relocation company paid the Government $4 million to settle its civil liability and agreed to pay $6,950,000 to the plaintiffs in a class action lawsuit alleging breach of contract and other violations in connection with a GSA contract involving Federal employees. Approximately 2,000 Federal employees who were relocated from 24 western and central states were eligible to share in the class action settlement.

Both actions resulted from an OIG review which disclosed that the company, which was required to offer to purchase employees' homes at prices based on independent appraisals, engaged in a pattern of misconduct intended to compromise the independence of the appraisal process and, thereby, lower the prices the company would have to pay for the homes. GSA terminated the contract for default and initiated an investigation by an interdepartmental task force which included representatives from the Departments of Agriculture and Interior OIGs, the Department of Justice Civil Division, and the U.S. Attorney's Office.

The Department of Justice and attorneys for the plaintiffs filed a class action suit against the company seeking monetary relief for those employees harmed by the company's actions.

2. 180221 - $14.8 MILLION CIVIL SETTLEMENT

In March 1993, a computer manufacturer entered into a civil settlement agreement with the Government to pay $14.8 million to settle its potential civil liability under the False Claims Act. This is the second largest civil settlement received in connection with a single case involving the GSA OIG.

A joint audit and investigation was conducted when the company voluntarily disclosed to GSA that it may not have complied fully with its contractual obligations. Between 1980 and 1990, the firm substituted reconditioned or remanufactured computer equipment for the new equipment required by various Government contracts.

The settlement also resolved allegations that the company violated the Buy American Act or Trade Agreements Act when it incorrectly certified the country of origin of various products which it sold to the United States Government during the same time period.

3. 190169 - $7,426,300 SETTLEMENT

In March 1991, the Government entered into a civil settlement with a power tool and accessories supplier. Under the terms of the settlement, the firm agreed to pay the Government $7,000,000 and to forsake collecting $426,300 for merchandise shipped to Federal customers, but not yet invoiced, to settle its potential civil fraud liability.

A joint OIG audit and investigation was initiated following the receipt of allegations from a former employee of the tool supplier that the firm granted higher discounts to commercial customers than it disclosed to GSA. The OIG review confirmed that the firm failed to disclose its highest commercial discounts to GSA during contract negotiations. GSA contracting officials relied upon these data when negotiating the contracts and, as a result, the firm secured inflated prices from Federal customers.

4. 180345 - $15.1 MILLION CIVIL SETTLEMENT

In February 1992, a supplier of computer equipment entered into a civil settlement agreement with the Government to pay $15.1 million to settle its potential Civil liability under the False Claims Act. This is the largest civil settlement ever received in connection with a single case initiated by the GSA OIG.

The joint audit and investigation determined that the company violated the False Claims Act by failing to disclose to GSA discounts it offered on its computer equipment and maintenance service. The investigators found that the company had granted maintenance discounts to commercial customers. GSA contracting officers relied on the information provided by the company and, as a result, awarded the contracts at higher prices than would have been negotiated had there been proper disclosure. Also, we determined that the company sold a significant quantity of refurbished computer equipment under the contract that it represented as new equipment.

The settlement resulted from a 3-year investigation by the GSA OIG, Department of Justice Civil Division, and the U.S. Attorney's Office for the Northern District of Texas.

B. Criminal Fraud Investigations

5. I80180 - FALSE STATEMENT CONVICTION

On May 1990, the president of a bonding company was sentenced in U.S. District Court after pleading guilty to three counts of making false statements in order to defraud the Government. He was sentenced to 5 years in prison on each count, with the sentences to be served concurrently.

The sentencing resulted from a joint investigation conducted by the GSA and Department of the Interior OIGs. The investigation, initiated after a GSA official alleged that the company had submitted fraudulent bonding documents to the Government, disclosed that the company president had directed a fraud scheme to submit fictitious bonding information. This information was submitted in support of 37 Federal construction contracts nationwide, with a total value of approximately $15 million.

Federal construction contracts require construction contractors to secure performance bonds prior to obtaining contracts. These bonds are normally obtained from a bonding surety firm and guarantee that work will be performed if the contractor fails to complete the project. The bonding firm, which collects from 3 to 5 percent of the contract's value from a contractor as its fee, must have assets available to cover the full value of the bond.

Extensive review of the bonding company's property and financial records revealed that the firm pledged assets it did not own and overstated the value of its actual assets. Therefore, the Government was exposed to a substantial risk of loss if a contractor failed to perform.

Previously, the company vice-president and another individual who participated in the scheme had pled guilty to conspiracy to defraud. They were sentenced to prison terms of 1 year and 6 months, respectively. In addition, the company and all three defendants were debarred from Government contracting.

6. I90120 - JANITORIAL FIRM OWNER CONVICTED

A joint investigation conducted by the GSA OIG, Federal Bureau of Investigation, and state and local authorities disclosed that the owner of a janitorial firm submitted fraudulent bid documents. The owner used both personal and business aliases to conceal that he and his company had been debarred from conducting business with the Government. The investigators reviewed bid documentation submitted in support of 26 GSA contracts, valued in excess of $14 million, for janitorial, maintenance, and security guard services. This nationwide review established that a majority of the owner's bid submissions contained fraudulent information. The fraudulent documents included forged bid bonds, forged power of attorney forms, false and forged financial statements, and false representation with respect to the owner's identity, address, and debarment status.

As a result of the investigation, a Federal Grand Jury indicted the owner on charges of making false statements and mail fraud. In January 1991, he pled guilty in U.S. District Court to two counts of mail fraud.

7. I92375 - CITRUS COMMUNITY COLLEGE

This investigation was initiated based on information from Defense Logistics Agency (DLA) regarding 200 diesel marine engines reutilized by a Los Angeles area community college through the GSA Property Donation Program and California Department of General Services. DLA had received information that the same engines had been advertised for resale prior to bid opening.

Investigation disclosed that an instructor for Citrus Community College, an eligible donee, acquired the engines on behalf of the College and immediately resold them to a Portland, OR engine repair firm in violation of Program requirements. Further investigation revealed the instructor had acquired substantial additional donated property which was also converted to his personal use or profit.

Search Warrants were executed at the college, the instructors residence and an Ontario, CA equipment hauling and storage facility. Government property valued at more than $5 million was seized.

In June 1993, the instructor and his son were indicted for theft of government property and entered guilty pleas during their trial.

8. I80273 - THEFT OF FEDERAL SURPLUS PROPERTY

In January 1990, a former manager of a State Agency for Surplus Property pled guilty to theft of Government property and mail fraud.

The conviction resulted from OIG reviews that were initiated after receipt of anonymous allegations that the manager was illegally selling surplus personal property obtained through the GSA Donated Property Program. We found inventory shortages at the State agency and, subsequently, our investigators uncovered a fraud scheme, involving the sale of surplus property to commercial entities, directed by the manager over a 2-year period. The surplus property, with an original acquisition cost of almost $620,000, included machine shop equipment, boat propellers, and scrap metal.

The investigators utilized information provided by informants and key witnesses to document the extent of the fraud scheme. They found that the manager sold the property to businesses who were unaware of the source of the property and of the illegality of purchasing such property. In order to conceal these sales, the manager substituted items of lesser value into the surplus property inventory. The substitute items were then sold at public auctions and the manager falsely certified to GSA that he had actually sold the

higher-value property originally obtained from GSA. The manager made a personal profit of nearly $100,000 through his illegal activities.

After the State was informed of the manager's activities, he was fired.

9. I91203 - FALSE STATEMENTS AND CONSPIRACY CONVICTION

In response to an anonymous complaint, the OIG investigated a company which contracted with the Government to provide night vision equipment.

Our investigation disclosed that the company vice president falsely represented that he owned a legitimate commercial enterprise when, in fact, no company existed. The company official created this non-existent company to gain approval as a Multiple Award Schedule contractor. Representing the bogus company, the vice president submitted false cost and pricing data and catalogs to GSA for night vision equipment and in the process misrepresented himself as a distributor of this equipment. Between August 1988 and December 1990, the company official did over $7 million worth of business with the Government.

A second aspect of this scheme involved the creation of a shell corporation to obtain night vision equipment from a manufacturer not authorized to sell in the United States. After the company official obtained the equipment, he then used the shell corporation as a means to make it available under the Multiple Award Schedule contract. The firm also submitted fabricated documents in response to an OIG subpoena for the purpose of covering up the scheme. In April 1993, the company vice president pled guilty in S. District Court to submitting false statements and obstructing the OIG investigation. The company pled guilty to submitting false statements to GSA. The shell company pled guilty to aiding and abetting in the submission of false statements.

10. I50088 - FRAUD CONVICTION

On July 28, 1989, the owner of a transportation firm was sentenced in U.S. District Court after pleading guilty to mail fraud. He was sentenced to 3 years in prison (30 months suspended) and 3 years probation, and was ordered to pay almost $400,000 in restitution.

The conviction resulted from an extensive 5-year OIG investigation initiated after a GSA official alleged that the firm submitted falsified delivery documents relating to a freight hauling contract held with GSA. The investigation disclosed that the company owner had directed a massive fraud scheme involving freight shipments to over 50 locations. Over a 3-year period, the company altered bills of lading to falsify shipment weights and included charges for services not performed. GSA relied upon these documents when paying the company and, as a result, paid an inflated amount for the freight shipments.

OIG personnel reviewed thousands of billing documents during the course of the investigation to determine the extent of the overbillings. This effort required the use of

computer programs jointly designed by a U.S. Attorney's Office and OIG staff. We were able to calculate that GSA had overpaid the company some $200,000 for the fraudulent billings.

11. I80478 - $425,000 CIVIL SETTLEMENT

The former president of a chemical company executed mortgages and security interests in favor of the Government to secure payment of $250,000 as part of a $425,000 settlement. In return for the agreement, the Government agreed to dismiss its civil False Claims Act's action in Federal district court against the company and its principal officers. The company had contracts with the Government for over 20 years, selling chemical products, including solvents used to clean fuel systems on Air Force jets. The company had failed to test products to determine whether they would perform as required and substituted defective and contaminated products. The former president of the company had previously pled guilty to Federal criminal charges in connection with this scheme. He and the company were previously debarred from Government contracting by the Defense Logistics Agency.

12. I70018 - $5.6 MILLION CIVIL JUDGMENT

On October 1989, a U.S. District Court entered a $5.6 million civil judgment for the United States against a partitions supply firm. The court found that the firm had defrauded the Government.

A joint audit and investigation disclosed that the contractor falsified laboratory test results in order to obtain its GSA contract. Independent laboratory tests confirmed that partitions sold to Federal agencies contained a cheap, flammable cardboard filler, rather than the fire retardant material specified in the contract.

Previously, the company and its president had been convicted of conspiracy, submitting false claims, and preparing false statements. The company and its president were each fined $365,000. In addition, the president was sentenced to 9 years in prison (5 years suspended) and 5 years probation. Both parties were also debarred from doing business with the Government for a 3-year period.

C. Bribery and Fraud Investigations

13. I80086 - THEFT OF GOVERNMENT PROPERTY

A joint GSA OIG and Federal Protective Service investigation resulted in the convictions of three members of a local labor union and a former GSA employee for mail fraud and for giving and receiving gratuities. An investigation was initiated following allegations that a stolen vehicle ring and a vehicle substitution scheme had been operating out of leased space at a GSA depot and involved at least three Government vehicles.

The investigators found that a former GSA employee had received two vehicles in exchange for permitting car theft, an insurance fraud scheme, and a vehicle substitution scheme to proceed in space GSA leased to a movie company for a television series. The labor union members, who were responsible for purchasing vehicles used in spectacular crash and explosion sequences, stole Government vehicles and destroyed them for the television series rather than destroy the vehicles donated for that purpose.

In February 1992, one individual pled guilty to charges of mail fraud. Also in February 1992, the second and third individuals were convicted of mail fraud and the third individual convicted of giving a gratuity. Also, the former GSA employee had been convicted on two counts of receiving a gratuity.

14. I92566 - HIGH RANKING GSA EXECUTIVE PLEADS GUILTY

In August 1992, a senior GSA official pled guilty to charges of conspiring to and receiving gratuities from a Government contractor. In addition, the same GSA official entered into a $20,000 civil settlement of claims that he failed to report meals, entertainment, and lodging he had received from a Government contractor.

In September 1992, the Government contractor involved with paying improper gratuities to the GSA official agreed to pay $356,020.10 for administrative costs incurred by the OIG in investigating the allegations.

15. I91265 - EMPLOYEE ALLEGATION RESULTS IN CONVICTION

In November 1992, a prospective GSA lessor pled guilty in U.S. District Court to offering a bribe to a Federal official The conviction resulted from an investigation initiated after a GSA realty specialist alleged to the OIG that the prospective lessor had offered a bribe. In return, the realty specialist was to provide bid information to the prospective lessor.

The realty specialist cooperated with OIG special agents and participated in a meeting during which the prospective lessor offered and paid the realty specialist a bribe to guarantee a lease award. The prospective lessor was consequently arrested by OIG agents and charged in U.S. District Court for violation of bribery laws.

AUDIT REPORTS

Mr. WOLF. I want to thank you. You have always been very, very helpful. I appreciate it.

Thank you, Mr. Chairman.

Mr. HOYER. Mr. Barton, how many reports do you issue a year?

Mr. BARTON. Last year we issued 340 audit reports.

Mr. HOYER. I don't know whether we would want to ask for all of those. Are you getting all of those?

Mr. BARTON. We do, as you know, Mr. Chairman, send a copy of our semiannual, which has some of the audits that we do. And if there is any that kind of click that you need others, we will be glad to send them to you.

PERFORMANCE MANAGEMENT

Mr. HOYER. Mr. Wolf makes a useful suggestion. I did not mean to imply that we don't need to make sure that people are not stealing or utilizing things beyond the law. I did mean to imply that we don't want people so careful that they are not prepared to innovate and take risks and do things that may result in substantially improved profits, if you will, in the context of government. These innovations or risks by definition, could cost us as well because when it doesn't work out the way we thought it would work out.

The report accompanying the House-passed 1994 appropriations bill directed the agencies to conduct a review of performance management. How have you in the GSA Inspector General's Office, measured your own performance? What criteria do you use?

Mr. BARTON. All right. We have several that we use. Let me go back here.

I am having difficulty finding it, but we measure it in, say, from the investigative side, the number of convictions—let me try to find this.

Mr. HOYER. Take your time.

Mr. BARTON. Here it is.

What we are using are the management decisions to put funds to better use, and that is where we got the $400 million, that these are decisions that the management has agreed to accept from our recommendations. And the management decisions——

Mr. HOYER. That $400 million, then, is a measure of savings to be affected by reforms or change in operations or use?

Mr. BARTON. Yes, how they would spend the money, how they may not have to spend the money.

Mr. HOYER. Is that $400 million we were using before in terms of savings?

Mr. BARTON. Yes.

Mr. HOYER. I understand that that is not related. What I was talking about earlier, the $17 billion, in the purchase of supplies and goods. What Mr. Thompson said is that their analysis leads them to a conclusion that, as a result of using GSA as a central purchasing agent and getting bulk prices, as well as time savings and all that, that there has been a net savings of $913 million. Or said another way, if you had done it discreetly, without a centralized process, it would have cost you $17.993 billion dollars—as op-

posed to $17 billion. I would like you to look at that and see if you agree with that hypothesis of savings.

This $400 million, obviously, is related to efficiencies that you have suggested in ways of operating.

Mr. BARTON. And part of it is in here, too.

Mr. HOYER. Oh, is part of it in there, too?

Mr. BARTON. Yes. Then we measure indictments and convictions and contractor suspensions and debarment. And that is with the four that we are using right now.

Mr. HOYER. Do you have a graph? I notice you have some graphs on there. Here, I have a copy here. Now, 1993 was, in terms of suspensions and debarments, was that an anomalous year? It seems to be very high. I can't read the numbers.

Mr. BARTON. What happens in the suspension debarments is that we will probably make application to acquisition policies for suspension debarment, and they will stack up. I have a feeling that these are stacking up. And then they are coming to completion, and they are probably all stacked up at that point.

Is there any additional ones in there? I think that is where that came from. There is a process that they have to go through to go through the suspension debarment.

Mr. HOYER. Okay. Would that——

Mr. BARTON. I can give you the breakdown.

Mr. HOYER. On those figures, how far back do you go?

Mr. BARTON. Probably back to 1978, 1979, I suspect.

Mr. HOYER. Was 1993 a unique year?

Mr. BARTON. Yes, it was. It was a good year for us. We had a lot of activity but I can provide the background for that part for the record.

Mr. HOYER. Okay. What are those numbers? It is hard to read. Can you read them? 115, 135, 155. I guess that is 162? Hard to read this. You got a better read out there? Oh, you wrote them in. You had about 50 percent more in 1993 than you had in either 1994 or 1995.

Mr. BARTON. I will have to look at that.

Mr. HOYER. Said another way, you had 33 percent less. Can you explain that?

Mr. BARTON. I will for the record, yes.

Mr. HOYER. Okay, sure.

[The information follows:]

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS
PRODUCTIVITY FACTORS
FOR FISCAL YEARS 1978 THROUGH 1993
AND FIRST QUARTER FY 1994

FISCAL YEAR	SUSPENSIONS DEBARMENTS	INDICTMENTS	CONVICTIONS	MONETARY RECOVERIES
1978	Unknown	Unknown	Unknown	Unknown
1979	182	35	29	241,566
1980	59	53	55	521,388
1981	77	56	37	1,311,948
1982	129	29	31	1,114,753
1983	98	60	62	5,956,794
1984	83	57	43	10,091,743
1985	91	72	63	732,228
1986	98	43	50	4,071,640
1987	120	40	34	3,463,762
1988	113	43	39	7,339,979
1989	122	43	48	8,192,328
1990	121	42	36	15,901,252
1991	137	35	33	22,870,997
1992	78	38	33	35,016,139
1993*	187	46	38	26,842,690
1994**	32	2	9	2,347,396

* Includes backlog of suspensions and debarments not completed in fiscal year 1992.

**First quarter data.

Mr. HOYER. The indictments or convictions were pretty stable?

Mr. BARTON. Yes. Yes.

Mr. HOYER. As a matter of fact, they are almost exactly alike in 1993 and 1994.

Mr. BARTON. Yes, just about.

Mr. HOYER. Little bit down in 1994. Do you have a longer continuum of experience there? Is that reflective of your average here?

Mr. BARTON. Yes, it looks about the same. Yes.

Mr. HOYER. As a result of management decisions to recover funds negotiated through court-ordered recoveries, this is dollars recovered, 26, 30, 30, about $30 million?

Mr. BARTON. Yes, yes.

Mr. HOYER. Explain to me. Recovered in what ways? From what?

Mr. BARTON. Through either civil or criminal court proceedings where a company will agree to pay GSA the money that is due them through some contract problem. Some of it is on fines. What else would it be? Administrative penalties, too.

NATIONAL PERFORMANCE REVIEW

Mr. HOYER. Okay. Going back to NPR. The NPR said there needs to be a cultural revolution within many IG offices. I suppose what that meant is a move from compliance audit to a programmatic audit.

Mr. BARTON. Yes. Kind of get away from the "I gotcha."

Mr. HOYER. I agree with Mr. Wolf, the "I gotcha" is important. We don't want to let people believe there is no longer a watchdog for wrongdoing. We need to do that.

Mr. BARTON. No, I think we have to pay particular attention as we are coming downward because, as you reorganize, your organization at the agency you are working with, some of these internal controls have a tendency to drop out. And we have to make sure that we don't lose any of them in the process. So we are going to be very busy.

Mr. HOYER. I have a group of questions I want to ask you about performance management for the record.

APPROPRIATIONS AND SAVINGS

We are coming to a vote, and I don't know whether Members want to come back if we have additional questions.

Mr. Lightfoot, do you have additional questions?

Mr. LIGHTFOOT. I have just one question. We can do it right quick.

Something occurred to me a while ago when we were talking. I am an old country boy. It takes awhile for it to soak in.

Take like a $1.6 million cut in your budget—and did I understand you correctly when you said you thought the savings might drop from $400 to $300 million?

Mr. BARTON. Yes.

Mr. LIGHTFOOT. So we are going to take a million dollar savings in your budget, we are going to lose 100 million in——

Mr. BARTON. That might well be.

Mr. LIGHTFOOT. Doesn't look like a very good trade to me.

Mr. BARTON. No, that is one of the things that we have been able to do as return on investment, has been pretty good for this organi-

zation. We returned around $8.00 for every dollar appropriated to us. When you have a cut in personnel, then you have fewer audits that you are going to do in that area. So the cut will come.

Mr. LIGHTFOOT. I share Mr. Wolf's views and I think the Chairman's concerns as well, that we might be giving the watchdog rubber teeth here.

Mr. HOYER. If we increase your budget by $120 million, does that get us a billion?

Mr. BARTON. Make me happy.

Mr. HOYER. You didn't answer my question.

Mr. BARTON. I think, you know——

Mr. HOYER. There wasn't any doubt in my mind it would make you happy.

Mr. BARTON. I think, as our record has shown, that an increase in our appropriation makes a return. You know, if you take our—what it costs us to do our business, say last year around $35 million, and we returned $400 million into the process in government, then that is about an 800 percent return on investment, which is not too bad when you look at it that way.

Mr. LIGHTFOOT. Beats Dean Witter.

Mr. BARTON. I think the IG not only here in GSA, but I think all of them pay their way. And our problem is that a lot of our savings are not applied directly to GSA; it is applied, you know, across government. But it is still there.

Mr. HOYER. Of course, my question is broader than that. The IRS will tell us, correctly, that for every dollar spent for enforcement they return X percentage geometrically greater than the expenditure. The Customs Service will tell you essentially the same thing. We could conclude, if we just pump those budgets up large enough, we would balance the budget. Quite obviously, no matter how much money you spend on IRS or the IG, it is a finite number that is out there, either in terms of waste, fraud and abuse or taxes not paid. So I was being somewhat facetious on increasing it $120 million and betting a billion return; the 8-to-1 ratio that you reference.

Mr. LIGHTFOOT. Well, a question then to follow on to your hypothesis, which is, what percent of waste, fraud and abuse is getting away from us that we are not getting? I mean, if you want to—because I think, you know, I think Steny is going in the right direction. I realize what he is saying, but at the same time, with the current budget and—how much of it are we getting? I mean, what is out there? What do you think gets through the cracks?

Mr. BARTON. I don't know. It is just only what we have come in to our attention. There is probably much more out there because law enforcement is that way. You know, if you get 10 percent of the crime, you are doing pretty good.

So whether that interpolates in this agency or the people we do business with, I don't know.

Mr. HOYER. Mr. Barton—excuse me.

Mr. LIGHTFOOT. That was all.

STAFFING AND SAVINGS IN IG OFFICE

Mr. HOYER. Mr. Barton, I want to recognize Mr. Istook for a couple minutes. First I have one question, when was your office established?

Mr. BARTON. 1978.

Mr. HOYER. 1978. To the extent you can, please provide the FTEs, the dollars expended, and the savings affected by your office.

Mr. BARTON. Since 1978?

Mr. HOYER. Since 1978.

[The information follows:]

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
FTE'S/APPROPRIATIONS/SAVINGS
Fiscal Years 1978 through 1995

Fiscal Year	FTE	Appropriation ($Thousands)	Management Decisions and Other Savings Achieved ($000)
1978	233	7,105	Unknown[1]
1979	383	10,016	Unknown
1980	569	18,874	Unknown
1981	531	20,806	Unknown
1982	511	18,183	Unknown
1983	466	19,200	129,400[4]
1984	466	19,686	255,359
1985	501	21,473	169,722
1986	440	19,305	154,459
1987	452	21,108	267,438
1988	452	24,334	221,510
1989	452	25,000	236,191
1990	425	26,500[2]	244,654
1991	435	30,997[3]	254,282
1992	435	35,994[3]	345,589
1993	435	34,748	416,289
1994	423	34,925	250,000[5]
1995	400[5]	33,259[5]	230,000[5]

[1]This information is not available for 1978-1982. During this time, The Office of Inspector General was evolving from an Office of Audits within an Administrative unit to a separate entity as called for in the 1978 Inspector General Act. Also, accounting and reporting definitions changed and a formal Tracking System was not put in place until FY 1984.
[2]Subsequently reduced to $26,136 by Gramm - Rudman cut of $364.
[3]Subsequently reduced to $35,891 by Travel Reduction P.L. 102-141 of $103.
[4]Estimate
[5]Projected

Mr. HOYER. Mr. Istook.

Mr. ISTOOK. Thank you, Mr. Chairman. I think my staff turned in some questions for the record yesterday, and I do not have any follow-up to that. Thank you.

Mr. HOYER. Obviously, as you know, in all of government, there is an $8 billion reduction in discretionary spending. It is the first time since I have been in Congress that there has been a real dollar decrease in discretionary spending. Everybody is tight. As a result, I am sure that our Committee is going to have to reduce a lot of agencies below the real dollars that they had to expend last year. This is not because we necessarily want to or because it is the best fiscal decision, although we want to cut out bad fiscal policy and where we can get a good return we may want to increase funding.

Thank you, sir. We very much appreciate your testimony. We have some questions for the record which we would like you to answer. We will insert the questions and your answers at this point in the record. Additionally, we will also insert the justifications in the record at this point.

[Questions and answers for the record and the justifications follow:]

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

NATIONAL PERFORMANCE REVIEW

Question. The National Performance Review (NPR) recommends a broader approach for the Inspector Generals. The NPR recommends moving from strict compliance auditing to evaluating management control systems. What are you doing to implement the NPR recommendation?

Answer. Well before the NPR raised the issue, we had recognized the need to broaden our audit services to include more emphasis on assessing systems of internal controls. In fact, we previously adopted a requirement that each management audit report contain a separate section describing the work performed to assess internal controls of activity audited.

Our office plays a major role in the agency's annual Federal Manager's Financial Integrity Act review which requires managers to assess their programs exposure to vulnerabilities and to evaluate how well their control systems are working. Participation involves everyone from the working level auditor to the Inspector General, who is a member of the Administrator's Management Control Council.

To enhance our office's overall abilities to assess internal controls, every professional member of the Office of Audits was provided formal training on how to perform internal control evaluations.

This kind of audit work has always been part of our ongoing efforts, but more recently has been given increased attention. Internal control work is a cornerstone of our annual agency financial statements audit. In addition, our Fiscal Year 1994 audit plans include assignments which specifically focus on evaluation of internal controls. We are fully supportive of the NPR's view.

Question. The NPR suggests that the Inspector Generals not just look for fraud, waste, and abuse, but help managers improve systems to prevent fraud, waste, and abuse. What systems in GSA have you evaluated to ensure efficient and effective service?

Answer. We agree with the NPR view that Offices of Inspector General must go beyond detecting fraud, waste, and abuse, and help managers prevent negative outcomes and ensure efficient and effective service. In this regard, we believe our efforts to increase the number of program evaluations we conduct is most responsive to this point. A few examples of program evaluations follow:

- a study of the GSA supply system identified that many items stored in warehouses could be more economically acquired for Federal agencies if the products were shipped directly from the manufacturer to the user. This approach would also reduce shipping storage, processing costs, and reduce item costs by several millions of dollars.

- a study of contracting activities identified imbalances between the numbers of personnel in work units and the amount of contract workload assigned to the units. Because there was no

work measurement system this situation was not identified sooner. Many procurement personnel reported that these imbalances were the cause of delayed contract awards. In addition, some contracting personnel believed they were not doing the best possible job because they had inadequate time to prepare for and negotiate contracts. Developing a system to match resources to work requirements would overcome delays and should improve service quality.

Question. The NPR suggested that while there is no need to change any laws to effect this broader focus for IGs, there is a need for a "cultural revolution" within many IG offices. Do you believe such a cultural revolution will be necessary at GSA?

Answer. We have already started. About 4 years ago, we began the long and continuing process of examining both our internal operations and our external relationships with our customers. The concepts embodied in the Total Quality Management philosophy have served as our basic means of internal reevaluation. The Office of Audits began, and is continuing, the transition to more program evaluation and broader scope internal reviews aimed at helping management achieve better customer service, improve internal operations, lower costs, and exercise better control over resources.

At the same time, the Office of Investigations has focused on more proactive investigations designed to detect and prevent fraud and other illegal conduct in the Agency's broad procurement, contracting, leasing, and property disposal activities.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE MEASUREMENT

Question. Another recommendation made by the NPR is the establishment of some sort of performance measurement for the Inspector Generals. The NPR suggests a two-step approach: survey customers for their views and establish criteria for judging IG performance. What is your view of performance measures for Inspector Generals? What have you done to implement the NPR recommendations?

Answer. The OIG has used performance measures required by the IG Act since 1978. These measures focus on information that can be readily quantified--numbers of reports or investigations, questioned costs, dollar returns, etc. We recognize that these statistics only offer a snapshot of our activity at any given time and do not assess the overall effectiveness of our operation. While we still need to keep these statistics to satisfy our obligations under the IG Act, our FY 1995 performance measures will focus more on: management decisions to better use funds and to implement OIG recommendations; more timely responses to contracting officers' needs; management requests for OIG assistance in improving operational efficiency and effectiveness. We maintain an ongoing dialogue with our customers to ensure that our products are timely and provide management with information and/or recommendations that will help them improve GSA programs and operations.

In response to the NPR, we have worked closely with the President's Council on Integrity and Effectiveness (PCIE) to develop an Inspectors General Vision Statement. Part of this PCIE vision statement is a Statement of Reinvention Principles which will govern how we do our work. Based on these principles, we will:

- Work with our agency head and the Congress to improve program management:
- Maximize the positive impact and ensure the independence and objectivity of our audits;
- Use our investigations and other reviews to increase government integrity and recommend improved systems to prevent fraud, waste, and abuse;
- Be innovative and question existing procedures and suggest improvements;
- Build relations with program managers based on a shared commitment to improving program operations and effectiveness;
- Strive to continually improve the quality and usefulness of our products; and
- Work together to address government-wide issues.

We are firmly committed to operating in accordance with these principles. We believe the PCIE Vision Statement provides the framework for us and other OIGs to implement the NPR recommendations concerning OIGs. Internally, we are taking a critical look at our our operations and "reinventing" some of our processes.

Question. The House Report accompanying the FY 1994 Appropriations Bill, includes a direction to review performance management. Have you conducted a review of the IG's office to highlight performance measures?

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PERFORMANCE MEASUREMENT (CONT.)

Answer. Yes. The GSA OIG is committed to accomplishing our mission, as defined by the IG Act, while at the same time doing what we can to help GSA become the government-wide standard for customer service.

A few years ago the OIG began developing a partnership with GSA management by shifting resources from compliance type reviews to more program evaluation reviews of GSA's internal operations. These reviews are beginning to produce recommendations for process improvements which will benefit both internal GSA program managers and the government user of GSA's services.

We also recognized that recent events, highlighted by the National Performance Review, were beginning to focus more on measuring success in terms of organizational performance outcomes, or results, instead of measuring performance outputs in terms of productivity measures. The message was that productivity does not equate to successful outcomes. Consequently, we began examining ourselves in terms of what really measures our success. We developed a Performance Plan which included a reevaluation of our basic mission statement, a review of the challenges facing our office as we move along the path to reinventing government, an outline of how we will accomplish our mission, and specific performance outcome indicators.

Question. What are some of the specific measures you have included in the 1995 budget which reflect this review?

Answer The FY 1995 proposed budget includes specific performance indicators designed to measure our performance. These include measures aimed at our role of helping GSA ensure that Government customers throughout Federal agencies are paying less for goods and services because GSA's contracting officers are getting better product discounts and terms and conditions resulting from our work products. This will be reflected in management commitments to put Federal funds to better use and management commitments to recover funds. With respect to GSA's internal operations, we will be tracking management decisions to implement audit report recommendations to improve internal process, operational, and program management controls; and management requests for OIG assistance and participation in activities designed to improve operational efficiency and effectiveness.

In addition, as an indicator of our success in detecting and eliminating fraud and abuse in GSA's operations, and in making the public more aware of fraudulent and illegal activities, we will be measuring negotiated and court ordered recoveries and settlements;
criminal indictments and prosecutions; and, contractor suspensions and debarments.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

CLAIMS OF SAVINGS

Question. In your statement, you indicate that for every dollar spent by your office, $7-8 dollars is returned. How do you develop these claims of savings?

Answer. Dollar savings come from several sources. The majority are produced from audits where examination of contract proposals identify opportunities to reduce contract pricing. Other audits detect overpayments to suppliers and alert officials to recover funds. Savings are recognized only if management agrees with the recommended amounts. In addition, our investigative activities and our counsel's work with the Department of Justice generate recoveries and court ordered fines, penalties and restitutions.

We develop a savings ratio by dividing total savings by the amount appropriated for the office's operations. For example, in FY 1993:

- Total FY 1993 Savings $400 million (rounded)
- Appropriated FY 1993 Funds $35 million (rounded)

The Ratio of savings to appropriated dollars was $11+. That is for every $1 appropriated, we saved $11+. This savings ratio will vary from year to year but historically has averaged in the $7-8 range.

Question. A portion of these savings are recommendations for changes while others are actual recoveries. If you assume only actual recoveries as returned dollars, would the $7-8 return still apply?

Answer. If the ratio were to be calculated only on actual recoveries it would reduce the ratio to approximately $1 in savings to $1 in appropriated funds.

For illustration, in Fiscal Year 1993:

- Funds Recovered: $33 million (rounded)
- Funds Appropriated: 35 million (rounded)
- Ratio: 1:1 (approximate)

We do not believe measuring only recoveries is a meaningful measure. We believe we are more effective when we can prevent the inefficient or improper expenditure of funds. To not measure this important activity would seriously understate the effectiveness of our organization.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

IMPLEMENTATION OF RECOMMENDATIONS

Question. Your statement indicates that your office identified over $383 million in management decisions to put funds to better use. Do you know if these management decisions were actually put into place? Do you have a mechanisms for tracking recommendations to implementation?

Answer. Yes to both questions. We track the status of audit recommendations closely. As of February 1994, management had completed final actions to put $144 million in funds to better use. In addition, management was in the final stages of negotiating eight major contracts which have about another $150 million in price reductions associated with them.

There are mechanisms in place in our agency which track audit recommendations and associated monetary information from the day the audit report is issued through the day management has completed the final implementing action.

Question. Since 1992, how many (in percentage terms) IG recommendations on management issues have been implemented?

Answer. Ninety percent of IG recommendations on management issues have been implemented as of February 1994.

The data for 1992 and 1993 follows:

Fiscal Year of Audit Issue	Total Recoms for Fiscal Year	Number of Recoms Closed	Percent Closed
1992	440	421	96%
1993	392	330	84%

These figures represent recommendations which have been fully implemented. For those remaining open, management has actions in process to address them.

General Services Administration
OFFICE OF INSPECTOR GENERAL

BACKGROUND

The Office of Inspector General (OIG), established by the Inspector General Act of 1978, is charged with the responsibility of promoting economy, efficiency, and effectiveness and detecting fraud, waste and mismanagement in GSA's programs and operations. This is accomplished primarily through a comprehensive, nationwide audit and investigative program covering GSA's internal operations and external contractors. The OIG is financed by a direct annual appropriation.

The OIG's primary operational components consist of the:

Office of Audits - a multidisciplinary staff of financial and technical experts who provide audit coverage of GSA's internal operations and external contractors;

Office of Investigations - an investigative unit that manages a nationwide program to detect and prevent illegal and improper activities involving GSA programs, operations and personnel; and

Counsel to the Inspector General - an in-house legal staff that provides legal advice and assistance to all OIG components. The attorneys in this office represent the OIG in connection with litigation arising out of or affecting OIG operations and prepare OIG comments on proposed legislation.

These components are supported by several other OIG offices: an Office of Administration which provides budget, personnel, computer and other support services; an Office of Quality Management which assists the OIG in developing a quality management environment; and an Internal Evaluation Staff that directs an in-house assessment program including field office appraisals and sensitive reviews of OIG operations.

THE FY 1995 BUDGET IN BRIEF

In general, the FY 1995 budget allows the OIG to provide audit and investigative services across the broad spectrum of GSA's activities. During Fiscal Year 1995, we will commit substantial audit resources to program evaluation reviews of GSA's major programs. We will also focus our investigative efforts on detecting and preventing fraudulent activity in GSA's procurement, contracting, property disposal and leasing activities.

NEW DIRECTIONS

Office of Audits

The Office of Audits is a highly skilled, evaluative organization that applies its professional skills in examining Agency programs, financial systems, and contractual arrangements to enhance the economy, efficiency, and effectiveness of these activities.

Two new areas of evaluation focus will be emphasized. The first and most rapidly growing area is the program evaluation activity which commits substantial resources to the detailed study of major GSA programs. Evaluation reviews provide GSA management an independent assessment of how well a program is meeting its mission and point out specific activities or practices affecting program outcomes.

The second area of emphasis is the testing of management controls, safeguards built into

programs and systems to ensure they function as intended. These audits primarily focus upon validating that controls are working and provide reasonable safeguards over resources and seeing that the Agency is fulfilling Congressional and OMB imposed requirements.

The Office of Audits' will also continue two major programs ensuring that stewardship over taxpayer resources exist. Guided by the requirements of the Chief Financial Officer's Act, annual audits are performed of the Agency's consolidated financial statements, financial systems, and related internal controls. This audit responsibility will be expanded to include validation of key program performance measures reported in the narratives accompanying the financial statements.

As a major procurement agency within the Federal Government, GSA annually awards billions of dollars in contracts for goods and services. The Office of Audits' will continue to support the contracting efforts by auditing vendors accounting records and developing financial information needed by contracting officers to negotiate favorable pricing agreements. These audit services annually cover $2-3 billion in contract actions and result in pricing adjustments and recoveries in the range of $200-250 million.

The Office of Audits' primary product is information aimed at helping management achieve more positive outcomes, such as better customer service, lower cost operations, lower contract prices, quicker products, and better control over resources. Benefits from audits in some instances are readily measurable because they have a directly related financial impact. Other audit products such as systems assessments, control reviews, or program evaluations may bring about positive changes, but are more qualitative in nature and often do not lend themselves to specific measurement. Historically, the Office of Audits' measurable financial accomplishments average about $225 million annually. Audits not having readily measurable aspects produce many intangible benefits which are instrumental in directing programs, making operating decisions, and safeguarding assets.

For FY 1995, the Office of Audits expects to audit between $1.3 and $1.8 billion and produce cost avoidances and recoveries between $200 and $235 million. This represents a decline from FY 1994 where we anticipated auditing between $1.5 and $2 billion and producing cost avoidances and recoveries from $200 to $250 million. The Office of Audits will continue seeking ways to maintain productivity through internal process improvements and reducing lower priority work.

Office of Investigations

The Office of Investigations manages a nationwide program to prevent and detect illegal and improper activities involving GSA programs, operations, and personnel. In Fiscal Year 1995 we will commit a high percentage of our investigative resources to the following themes:

1). Protecting the integrity of GSA's programs and operations by detecting and preventing fraud and other illegal conduct;

2). Aiding GSA management to improve the efficiency and effectiveness of GSA programs and operations by identifying systematic and procedural weaknesses; and

3). Ensuring our investigative activity is completed in a timely, thorough and comprehensive manner which serves as a catalyst for improving GSA's overall performance.

A major emphasis will be on initiating national proactive investigations of issues and topics in which preliminary indicators of fraud or abuse have come to our attention from OIG staff, GSA personnel, government contractors and the OIG Hotline.

Our primary investigative focus will center on the detection and prevention of fraudulent activity associated with GSA's broad procurement, contracting, property disposal, and leasing responsibilities. Specifically, we will: identify and target contractors and suppliers engaging in illegal practices; identify abuses in the property disposal system; and, in conjunction with the OIG audit and legal staffs, detect defective pricing violations by GSA contractors.

Based on projected staffing, the Office of Investigations anticipates it will produce the following outcomes during FY 1995: 40 indictments, 35 convictions, 110 suspensions and debarment, $6 million in monetary recoveries, and we will present integrity awareness briefings to 1000 GSA employees.

The Office of Investigations' task will be to continue providing a high level of investigative service to GSA. We will accomplish this through: internal steps to improve, eliminate and reduce our administrative requirements; expand our supervisory span of control; work smarter through quality management initiatives; and focus on customer service and satisfaction.

General Services Administration
OFFICE OF INSPECTOR GENERAL

$(THOUSANDS)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request	FY 95/94 Change
Direct Program:	$34,797	$36,540	$33,259	-3,281
Unobligated Balance Available Start of Year	$-724	$-1,615	-	-
Unobligated balance expiring	$675	-	-	-
Total Budget Authority	$34,748	$34,925	$33,259	-1,666
Reimbursable Program:	$134	$150	$150	-0-
Total Reimbursable	$134	$150	$150	-0-
Net Outlays	$32,862	$35,300	$33,260	-2,040
Employment (FTE)	414	423	400	-23

EXPLANATION OF ESTIMATES

The Office of Inspector General requests $33,259,000 in direct appropriations and 400 FTEs. This includes a reduction in the amount of $1,918,000 consistent with the Omnibus Budget Reconciliation Act.

Fiscal year 1995 reflects the effects of a uniform 12 percent employment reduction to be achieved over the period fiscal years 1994-1999. Pay raises, including locality pay, have been absorbed within the account.

Approximately 90% of the OIG's resources will be devoted directly to our audit and investigative efforts: 63% of our resources will be devoted to our audit program; 25% to our investigative efforts; and, about 3% to the Counsel to the OIG for direct support of both audits and investigations. The remaining resources are for overall administrative, personnel and ADP systems support.

General Services Administration
OFFICE OF INSPECTOR GENERAL

PERFORMANCE MEASURES

The OIG will accomplish its mission by several methods:

1). Conduct independent audits of GSA's programs and internal operations to identify opportunities for improvement;

2). Conduct independent audits of GSA's contractors to ensure GSA and the Federal customer are getting the best value for the taxpayers' dollar;

3). Conduct investigations of GSA's programs and operations when circumstances indicate potential fraud or mismanagement;

4). Work with GSA management to identify and implement operational improvements to GSA's internal management processes;

5). Work with GSA management to help develop entrepreneurial and competitive business practices designed to increase the quality and timeliness of GSA's services;

6). Work with GSA management and employees to increase their knowledge of efficient and effective management controls to help GSA set the standard of excellence and become the government's center of expertise for customer service; and

7). Work with GSA managers and employees to increase their knowledge of fraud in order to prevent and reduce its occurrence in GSA's programs and operations.

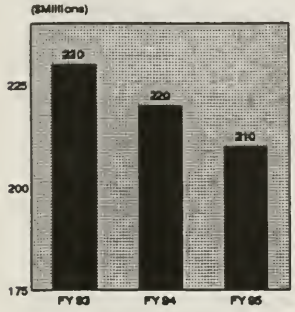
PERFORMANCE OUTCOME INDICATORS

As a result of the OIG's activities, government customers throughout Federal agencies are paying less for goods and services because GSA's contracting officers are getting better product discounts and terms and conditions. This will be reflected in a series of performance outcomes:

General Services Administration
OFFICE OF INSPECTOR GENERAL

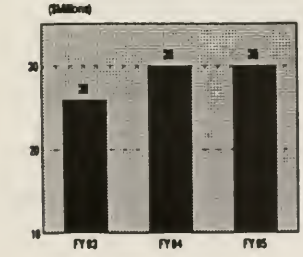
1). Management Decisions to put Federal funds to better use;

MANAGEMENT DECISIONS TO PUT FUNDS TO BETTER USE



2). Management decisions to recover funds, negotiated and court ordered recoveries, and investigative recoveries;

MANAGEMENT DECISIONS TO RECOVER FUNDS NEGOTIATED AND COURT ORDERED RECOVERIES AND INVESTIGATIVE RECOVERIES

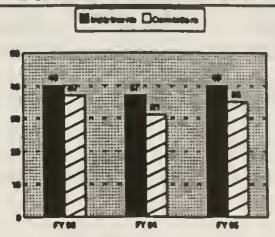


3). More timely responses to contracting officers' needs when reviewing preaward contracts.

As result of OIG investigative activities and the working relationship between all OIG components and the Department of Justice, Federal and contractor employees and the general public are more aware of fraudulent and illegal activities and are more attuned to preventing and detecting fraud. Our outcomes will be measured in:

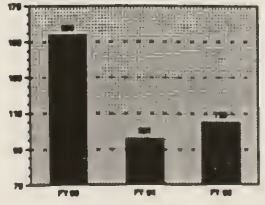
1). Criminal indictments and convictions;

INDICTMENTS AND CONVICTIONS



2). Contractor suspensions and debarments;

SUSPENSIONS AND DEBARMENT



General Services Administration
OFFICE OF INSPECTOR GENERAL

GSA's internal operations are working more effectively and efficiently because the OIG and GSA management have identified opportunities for improvement in directing programs, making operating decisions, and safeguarding assets. This will be measured in:

1).Management decisions to implement audit report recommendations to improve internal process, operational, and program management controls; and

2). Management requests for OIG assistance and participation in activities designed to improve operational efficiency and effectiveness.

OIG 7

General Services Administration
OFFICE OF INSPECTOR GENERAL

Obligations by Object Class
$(Thousands)

	FY 1993 Actual	FY 1994 Current	FY 1995 Request
Personnel Compensation			
11.1 Full-time permanent	20,491	20,605	20,080
11.3 Other than full-time permanent	462	370	299
11.9 Total personnel compensation	20,953	20,975	20,379
12.1 Personnel benefits	4,121	4,456	4,200
13.0 Benefits for former personnel	26	24	23
21.0 Travel/trans of persons	898	1,694	1,366
21.0 Motor pool travel	139	134	129
22.0 Transportation of things	4	26	24
23.1 Rental payments to GSA	2,610	2,600	2,498
23.3 Communications, utilities, and misc charges	534	535	511
24.0 Printing and reproduction	194	209	200
25.2 Other Services	4,239	3,742	3,413
26.0 Supplies and materials	209	207	198
31.0 Equipment	870	1,938	318
99.0 Subtotal direct obligations	34,797	36,540	33,259
99.0 Reimbursable obligations	134	150	150
99.9 Total Obligations	34,931	36,690	33,409

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ISBN 0-16-044265-6

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